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HANDBOOK ON 20 MAJOR REGIONAL COOPERATIVES HANDLING SUPPLIES, 1968, 1969, AND 1970

FARMER COOPERATIVE SERVICE / U.S. DEPARTMENT OF AGRICULTURE

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Farmer Cooperative Service
U.S. Department of Agriculture
Washington, D.C. 20250

Farmer Cooperative Service strengthens the economic position of farmers and other rural people by improving organization, development, management, and operation of their cooperatives. It works directly with cooperative leaders and Federal and State agencies on cooperative problems. It publishes research results and educational materials and issues the *News for Farmer Cooperatives*.

The Service helps (1) farmers and other rural residents get better prices for products they sell and obtain supplies and services at lower cost; (2) rural residents use cooperatives to develop and make effective use of their resources; (3) cooperatives improve their services and operate more efficiently; (4) members, directors, employees, and the public to better understand how cooperatives work and benefit their members and their communities; and (5) encourage international cooperative programs.

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Handbook on 20 Major Regional Cooperatives Handling Supplies, 1968, 1969, and 1970

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At the outset of World War II, officials of several regional cooperatives recognized the need for a publication to indicate to Federal and State agencies the importance of agricultural cooperatives in providing farmers with essential production supplies and equipment. Among the critical items at that time were petroleum and farm equipment. As a result, publication of this handbook was begun in 1942, with information voluntarily supplied by 17 of the major regional farm supply associations in the United States.

Publication of the handbook has been continued to help farm leaders, educational institutions, government agencies, and others to better understand the operations, trends, and progress of cooperatives handling supplies, and the benefits farmers derive from these associations.

Handbooks were published annually through 1957; since then they have been issued every other year except for 1966 and 1967. They present highlights of each association's organizational structure, membership, volume, facilities, financial condition, and net savings.

This report contains information provided and approved by 20 major regional cooperatives. Approximately eight other major regional cooperatives and seven federations of regionals

(national or area cooperatives) are not included. Their names and addresses are listed in the appendix.

A "regional cooperative" in this report refers to one that: (1) wholesales supplies to local retail cooperatives; (2) directly retails supplies to farmers over an area comprising a part of a State, an entire State, or several States; or performs both functions. A regional also may manufacture some of the supplies it distributes.

A "major regional association" refers to one handling more than \$10 million worth of supplies annually.

"Farm production supplies" include feed, seed, fertilizer, petroleum products, and all other types of supplies and equipment used in farm production.

The first section of this report gives detailed information on 20 of the major regional cooperatives handling supplies for their fiscal years ended in 1968 and 1969, and data on total sales, net margins, and total assets in 1970.¹

The associations appear in this report in the order of their total wholesale supply business,

¹ Note that the data on total sales, net margins, and total assets for 1970 are preliminary since complete information was not available at the time this handbook was written.

or retail business in which all sales were at that level, for fiscal 1969.

The cooperatives differed widely in forms of organization, methods of operation, and accounting and reporting practices. No attempt was made to obtain comparable information.

Of the 20 cooperatives, 14 mainly performed wholesale services for retail cooperatives and other outlets of various types; these were "federated cooperatives." Two associa-

tions distributed all supplies at retail—direct to individual patrons; these were "centralized associations." The remaining four did a substantial volume at both wholesale and retail.

Of the 20 associations, 13 also marketed farm products. In two of them, marketing sales equaled or exceeded their supply sales.

Following the individual reports from the 20 associations, a summary is provided which consolidates the detailed information.

Association Reports for 20 Major Regional Cooperatives

This section contains information supplied by individual regional cooperatives. Each description presents information on organizational features such as date organized, area of service, type and number of retail outlets, number of patrons served, financial requirements for membership, voting provisions, number and terms of directors, and number of employees.

Operating and financial data for fiscal years ending in 1968 and 1969 are presented for each cooperative. Included are sales of farm supplies and farm products by type; amount and distribution of net margins; cash payments of current dividends, refunds, and revolving capital; condensed balance sheets; itemized member equities; and type and capacity of principal facilities.

Preliminary data on total sales, net margins, and total assets in 1970 for selected cooperatives are also provided.

Agway Inc.

Agway Inc., Syracuse, N.Y., was organized under the Delaware General Corporation Law early in 1964 to effect a merger of Cooperative Grange League Federation Exchange, Inc., Ithaca, N.Y. (commonly called GLF—formed in 1920), and Eastern States Farmers' Exchange, Inc., West Springfield, Mass. (formed in 1918). The merger became effective July 1, 1964.

On June 1, 1965, Agway Inc., acquired the assets and assumed the liabilities and reserves of the Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa., and 30 of its affiliated local retail Farm Bureau cooperatives, as well as the Farm Bureau Marketing Cooperative at Harrisburg. On November 1, 1965, the Burlington County Farmers Cooperative Association, Mt. Holly, N.J., was merged into Agway.

Agway provides supply manufacturing, purchasing, and distribution services and farm product processing and marketing services for farmers in Connecticut, Delaware, Maine, Massachusetts, New Hampshire, Vermont, New York, New Jersey, Pennsylvania, Rhode Island, northern and eastern Maryland, and northeastern Ohio.

Agway is a centralized cooperative in which farmers hold direct membership. Only farmers and farmer cooperatives may become members by acquiring one \$25 share of common stock, and who, as patrons, purchase farm supplies or farm services, or market farm products through Agway. Each member has one vote in the affairs of the association. No person may hold more than one share of common stock.

On June 30, 1969, Agway had 105,000 individual farmer-members. It also served a large number of nonmember farmers and other rural and suburban patrons.

Agway's board of directors also has authorized the payment of patronage refunds to patrons other than members, who are desig-

nated as "contract patrons." On June 30, 1969, Agway had contracts with about 300 seed dealers in the central States who purchase seed from Agway; one cooperative in Puerto Rico; several departments or agencies of State governments; the Federal Government; and charitable, religious, and educational institutions producing farm products.

The control of Agway is vested in a board of directors, consisting of 18 members elected for 3-year terms on a staggered basis.

Members doing business with each Agway distribution point or combination of distribution points select a local member committee. These committees act in an advisory capacity and nominate directors in each of the 18 districts. On June 30, 1969, there were 404 local or zone committees consisting of 3,117 members.

Nominations for a director from each district are made by local member committees with the help of an advisory nominating committee for each district that is appointed by Agway's president. Each advisory nominating committee consists of one director of Agway from outside the district, and not less than two nor more than six Agway members residing within the district.

Prior to the annual meeting of Agway, local committeemen meet with the advisory committee for that district. At that time, the advisory committee presents its recommended nomination. Additional nominations may be made from the floor. If there is more than one nomination, the local committee chairmen within the district vote by ballot. The vote of each chairman is weighted by the volume of member business done at the distribution point or combination of distribution points he represents. No chairman, however, has more than five votes.

Because of Agway's size, it set up an Agway council to function as a liaison between members and the board of directors. This council consists of 86 outstanding farmers appointed by the president from among members residing in all parts of Agway's trade area. The council also advises the board of directors, with which it meets twice a year.

On June 30, 1969, Agway was providing supplies and marketing and related services to

its patrons through several types of local outlets (table 1).

Table 1.—Local distribution and marketing outlets of Agway, fiscal year ending June 30, 1969

Outlet	Number
Agway store corporations (cooperatives)	169
Agway marketing corporation (cooperative)	1
Agway-owned stores	184
Agway representatives:	
Independent retail dealers	366
Independent cooperatives	25
Agway Petroleum Corporation outlets:	
Retail bulk plants (including 5 branches)	117
Franchised commission agents	3
Total	865

The Agway store corporations are retail cooperatives managed by Agway. Technically, they are subsidiaries of Agway, because it holds all of their common stock under a trustee-ownership arrangement. Local farmer-members own the nonvoting preferred stock of each. These service store cooperatives sell supplies, market members' crops, and provide special services, such as grinding and mixing feed, and spreading lime and fertilizer. The Agway marketing corporations also are managed subsidiaries.

The Agway-owned stores are branch retail outlets. Agway store corporations and Agway-owned stores hold annual meetings, at which time local committees are elected. Such committees have many of the powers of a local board of directors. Many of the store corporations are financed centrally, and some are financed directly through the Baltimore and Springfield Banks for Cooperatives. The area offices of Agway supervise the store corporations under management contracts that may be canceled at any time by action of the membership.

The retail bulk oil plants, service stations, and LP gas facilities are owned by Agway Petroleum Corporation—a wholly owned subsidiary of Agway.

The Agway-owned stores and Agway Petroleum Corporation together accounted for about 46 percent of Agway's total supply sales and service volume in 1969. The Agway store

corporations accounted for about 22 percent of the total.

Independent retail dealers and independent local cooperatives become Agway representatives by obtaining a franchise to handle Agway commodities in accordance with Agway policies. They are authorized to provide supplies and services in those areas in the States in which Agway operates, but where there are no Agway-owned or -managed cooperatives or stores. They maintain patronage records of business transacted with Agway members so that Agway may distribute wholesale patronage refunds direct to them. These two types of outlets handle about 32 percent of Agway's total supply sales and service volume (including sales to special accounts, wholesale accounts, and petroleum plants).

Certain operations were conducted through the following wholly owned subsidiaries in fiscal 1969: (1) Agway Petroleum Corporation; (2) William F. Cummins Co., which handles fencing and overhead door distribution and installation; (3) Winney Hill Lumber Co., Inc.; (4) Telmark, Inc., which is a finance and credit company handling retail installment contracts, deferred credit for crop and poultry supplies, and some consumer credit, as well as equipment leasing for patrons; and (5) Agway Insurance Company and Agway General Agency, Inc., which write a complete program of life, health, and accident insurance for members. The latter two are excluded from consolidated statements of Agway because of the different nature of their operations. However, the investment equity of both has been included in the consolidation since June 30, 1968, reflecting their net margins.

Agway also manufactured or processed certain supplies through the following majority-owned subsidiaries: (1) Texas City Refining, Inc., Texas City, Tex.—67 percent ownership—with sales in 1969 of about \$102.5 million; (2) Select Seeds, Inc., Ft. Wayne, Ind.—55 percent interest—with sales in 1969 of \$1.8 million; (3) Curtice-Burns, Inc., Rochester, N.Y.—58 percent interest—with sales in 1969 of \$52.2 million; (4) Long Island Cauliflower Distributors, Inc., Riverhead, N.Y.—66.7 percent interest—with sales in 1969 of \$2.2 million; and (5) Taterstate Frozen Foods, Washburn,

Me.,—90 percent interest—with sales of \$7.6 million in 1969.

The supply sales of Agway and its subsidiaries—partly at wholesale and partly at retail—and the quantities of principal commodities sold in 1968 and 1969 are shown in tables 2 and 3. Sales reported in the annual report and stock prospectus do not always agree due to basis of consolidation, interdepartment eliminations, and accounting conventions used for financial statement and line-operation reporting.

Table 2.—Net value of supplies, equipment, and petroleum sold—part at wholesale and part at retail—by Agway Inc., and its consolidated subsidiaries, fiscal years ending June 30, 1968 and 1969¹

Commodity	1968 ²	1969 ²
	<i>Dollars</i>	
Food, grain, flour, cereal, and pet foods	154,973,093	152,920,745
Fertilizer and lime (including shells and bedding)	35,542,400	40,071,038
Petroleum products by Agway	80,804,941	91,503,784
Petroleum products by refining subsidiary (net after sales to Agway)	69,694,302	76,161,354
Seed and seed potatoes by Agway	11,838,195	10,959,618
Seed by subsidiary	317,377	1,986,555
General farm supplies and equipment ³	56,281,503	59,187,294
Pesticides and other farm chemicals	12,026,548	12,112,405
Other supplies	0	436,296
Total⁴	421,478,359	445,339,089

¹ Net sales of supplies for fiscal 1970 were \$499,942,392 before excluding marketing operations of Agway-owned stores.

² Includes retail sales by Agway-owned stores, Agway Petroleum Corporation, and Rebel Oil Co. (subsidiary of Texas City Refining, Inc.) which totaled \$172,759,594 in 1968 and \$187,821,711 in 1969. Includes wholesale sales to Agway store corporations, Agway representatives (independent dealers and co-ops), and other firms which totaled \$248,718,765 in 1968 and \$257,517,381 in 1969.

³ Includes tires, batteries, and auto supplies; steel and metal products, building materials, paint, and roofing; rope and twine; hardware, tools, and miscellaneous supplies; farm equipment; containers and package materials; and white goods, chemicals, petroleum products (mostly oil and grease), and other supplies.

⁴ Excludes marketing operations in Agway-owned stores totaling \$7,319,188 in fiscal 1968, and \$5,246,452 in fiscal 1969.

Table 3.—Quantities of major supplies sold at wholesale by Agway Inc., and its consolidated subsidiaries, fiscal 1968 and 1969

Commodity	Unit	1968	1969
All feeds and ingredients	Tons	2,049,213	2,131,516
Fertilizers (including nitrogen)	Do.	552,210	589,664
Lime	Do.	706,696	753,158
Refined fuels by Agway	Gal.	370,044,359	409,463,000
Refined fuels by refining subsidiary	Bbl.	18,347,074	21,504,727

Sales of supplies, equipment, and petroleum by Agway Inc., and its wholly owned subsidiaries totaled \$358,785,868 in fiscal 1968, and \$373,961,888 in 1969. Most of the difference between these Agway internal sales and its consolidated sales consisted of petroleum and seed sold by Agway's majority-owned subsidiaries to other cooperatives.

Retail supply sales of Agway's affiliated store corporations were \$124,274,522 in fiscal 1968, and \$128,999,010 in 1969. (Agway's wholesale sales to these unconsolidated retail affiliates totaled \$92,400,444 in fiscal 1968, and \$91,209,285 in 1969.)

Agway also provides a cooperative marketing service for several farm products (table 4). Marketing is conducted through local Agway store corporations and Agway-owned stores, and through central marketing facilities listed later in this section.

Net margins of Agway Inc., in fiscal 1969 were about \$6.5 million; with subsidiaries included, they were about \$11.2 million (table 5). Of these total net margins, before income taxes, approximately 94 percent in fiscal 1968 and 93 percent in 1969 were derived from supply (agribusiness and petroleum) operations.

Net margins of the Agway store corporations totaled \$2,864,429 in fiscal 1968, and \$3,420,336 in 1969.

Total net margins of GLF and subsidiaries, Eastern States, and Agway, since organization of each through June 30, 1969, have been \$306,321,249. Of this amount, they paid \$39,692,457 in cash dividends on capital stock, \$114,260,742 as cash patronage refunds,

Table 4.—Value of farm products sold by two Agway marketing corporations and Agway's marketing subsidiary, fiscal years ending June 30, 1968 and 1969¹

Commodity ²	1968	1969
<i>Dollars</i>		
Eggs—by Agway and marketing corporation ³	18,826,467	22,328,545
Fruits and vegetables:		
Processed and canned (Curtice-Burns and Taterstate Frozen Foods)	55,891,867	58,821,758
Fresh (including potatoes by Agway and marketing corporation)	11,198,267	12,439,434
Grain	7,187,338	5,279,408
Beans (dry edible)	3,035,710	3,383,776
Tobacco	1,938,502	430,736
Miscellaneous	131,846	163,702
Subtotal	<u>98,209,997</u>	<u>102,847,359</u>
Less interdepartment sales ⁴	-7,535,927	-7,929,376
Total net sales	<u>90,674,070</u>	<u>94,917,983</u>

¹ Net sales of farm products in fiscal 1970 totaled \$97,961,641.

² Agway Inc., marketing sales are by: Egg Products Division, Fruit and Produce Division, Bean Department, Tobacco Department, Grain Marketing Department. Sales of Agway Inc., and subsidiaries include those of the above, plus sales of Curtice-Burns, Inc., and North Country Poultry, Inc., Taterstate Frozen Foods, and Long Island Cauliflower Distributors. Also includes sales by Agway store corporations and Agway-owned stores less transfers to Agway marketing divisions.

³ Long Island Egg and Poultry Cooperative, Hunting-ton Station, Long Island, N.Y.

⁴ Consists of sales of poultry products by Long Island Egg and Poultry Cooperative, sales of grain and fruit by store corporations and Agway-owned stores, and miscellaneous sales of store corporations.

\$4,831,227 in revolving fund certificates, and \$51,405,381 in Federal income taxes, and added \$96,131,442 to the "retained margins" and capital surplus accounts.

The financial position, net worth, and principal facilities of Agway Inc., and its subsidiaries are shown in tables 6-8.

Agway Inc., on June 30, 1969, also had \$8,610,049 invested in federations or regional cooperatives and allied companies operating various manufacturing and wholesaling facilities. The principal ones were United Cooperatives, Inc., Alliance, Ohio; Central Farmers

Table 5.—Distribution of net margins of Agway Inc., and of Agway and its consolidated subsidiaries, fiscal years ending June 30, 1968 and 1969¹

Distribution of net margins	Agway Inc.		Agway and subsidiaries	
	1968	1969	1968	1969
	<i>Dollars</i>			
Federal income taxes	1,915,000	1,782,000	5,911,000	3,780,000
Cash dividends on capital stock	997,601	1,326,213	997,601	1,326,213
Patronage refunds in cash	1,300,000	1,096,000	1,475,000	1,264,000
Additions to retained margins (capital reserves)	855,766	2,351,090	4,796,000	4,816,405
Total	5,068,367	6,555,303	13,179,601	11,186,618

¹ Net margins of Agway Inc., and its subsidiaries in fiscal 1970 were \$10,042,138.

Table 6.—Condensed balance sheets of Agway Inc., and of Agway Inc., and its consolidated subsidiaries, fiscal years ending June 30, 1968 and 1969¹

Item	Agway Inc.		Agway Inc., and subsidiaries	
	1968	1969	1968	1969
	<i>Dollars</i>			
Assets:				
Current	96,803,321	100,939,929	156,936,298	165,057,151
Fixed (net)	53,762,353	53,665,933	80,997,997	83,901,998
Investments in and advances to subsidiaries	28,911,277	27,555,507	4,514,562	4,989,496
Other investments	11,916,188	15,366,320	16,918,053	18,853,984
Total	191,393,139	197,527,689	259,366,910	272,802,629
Liabilities and patrons' equities:				
Current liabilities	32,833,385	25,961,423	64,979,959	65,842,795
Debentures	40,504,720	46,324,850	40,504,720	46,355,850
Other liabilities	32,894,535	35,005,007	50,388,260	49,605,163
Minority interests in consolidated subsidiaries	----	----	8,764,514	8,947,915
Capital stock, retained earnings, and surplus	85,160,499	90,236,409	94,729,457	102,050,906
Total	191,393,139	197,527,689	259,366,910	272,802,629

¹ Total assets of Agway Inc., and its subsidiaries on June 30, 1970 were \$293,435,371. Net worth or capital was \$105,348,453.

Table 7.—Net worth or capital of Agway Inc., and of Agway Inc., and its subsidiaries, fiscal year ending June 30, 1969

Item	Agway Inc.	Agway Inc., and subsidiaries
	<i>Dollars</i>	
Capital stock:		
Preferred	20,294,700	20,294,700
Common	2,621,675	2,621,675
Capital surplus	----	1,066,656
Retained margins	67,320,034	78,067,875
Total	90,236,409	102,050,906

Fertilizer Company, Chicago, Ill.; Amtec Inc., Ithaca, N.Y.; Pro Fac Cooperative, Inc., Rochester, N.Y.; and Cooperative Mills, Inc., Cincinnati, Ohio.

On June 30, 1969, Agway and its subsidiaries had 8,817 employees. Of these, 606 were engaged in general administrative and office activities, 2,148 in supply manufacturing, 660 in supply wholesaling (including warehousing and transportation), 3,450 in supply retailing (by branch stores and petroleum plants), and

Table 8.—Type and capacity of principal facilities owned or leased by Agway Inc., and its subsidiaries, June 30, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Wholesaling, manufacturing, and general:			
Farm supply warehouses	9	Sq. ft.	427,000
Petroleum marine and pipeline terminals (storage) ¹	10	Bbl.	1,500,000
Feed mills (2 shifts)	15	Tons	2,000,000
Feed-bulk depots (storage)	4	Do.	¹ 143,000
Fertilizer mixing plants	12	Do.	500,000
Fertilizer bulk-blending plants	28	Do.	112,000
Nitrogen plant	1	Do.	700,000
Seed plants	9	Lb.	32,600,000
Seed plant of subsidiary	1	Do.	10,000,000
Chemical pesticide plants (dry)	{ 2	Do.	6,500,000
(liquid)		Gal.	500,000
Automotive and manufacturing centers	5	--	--
Silo manufacturing plant	1	--	--
Texas City Refining, Inc.:			
Refinery	1	Bbl./day	60,000
Tankers (capacity)	2	Bbl.	² 8,500,000
Storage terminals (storage)	11	Do.	1,800,000
Pipelines (miles)	61.8	--	--
Retailing (exclusive of local store corporations):			
Service stores (Agway-owned)	184	--	--
Home and garden stores (retail)	{ 3	--	--
(wholesale)	{ 2	--	--
Local bulk petroleum plants ¹	117	--	--
Supply centers	14	--	--
Regional marketing of farm products:			
Egg processing plants	9	Cases	1,600,000
Fruit and produce packing plants	15	Tons	151,000
Fruit and vegetable processing plants of subsidiaries	13	Cases	53,000,000
Bean processing plants (storage)	4	Cwt.	200,000
Tobacco warehouses (leased)	7	Lb.	6,500,000
Small animal food plants	2	Sq. ft.	⁴ 79,000
Flour mill (storage)	1	Bu.	75,000
Potato processing plant	1	Lb.	80,000,000
Grain storage elevator	1	Bu.	105,000
Apple processing facility	1	Sq. ft.	32,000

¹ 1 filling = 1,453 tons.

² 20,000-ton jumboized T-2.

³ Operated by Agway Petroleum Corporation, a subsidiary. Includes some with LP gas distribution.

⁴ For manufacturing and storage.

1,953 in processing and marketing farm products.¹

¹ The figures for the operating groups performing retailing, wholesaling, and manufacturing services include administrative, accounting, and clerical employees directly applicable to them. They also include employees of Curtice Burns, Inc., in processing and canning fruits and vegetables, and those of Taterstate Frozen Foods in processing french fries and other potato products. These figures do not include retail employees of Agway store cooperatives, independent cooperatives, and independent dealer representatives who may spend most of their time in distributing Agway supplies.

Farmland Industries, Inc.

Farmland Industries, Inc., with headquarters in Kansas City, Mo., was organized in 1929 as the Union Oil Company. It soon became the Consumers Cooperative Association and operated under this name until September 1, 1966.

On August 31, 1969, Farmland had 2,054 local- and regional-member associations. The locals are located throughout Iowa, Kansas, Missouri, Nebraska, Colorado, Oklahoma,

South Dakota, and Wyoming, and in parts of Minnesota, Wisconsin, Illinois, Arkansas, Texas, North Dakota, Montana, New Mexico, Oregon, Idaho, Kentucky, and Utah. The local cooperatives have an estimated 500,000 members.

Farmland has management or supervision agreements with 74 local-member cooperatives.

Membership in Farmland, which is limited to cooperatives, is obtained by acquiring one \$25 share of common stock and by agreeing to provisions of the bylaws. Each member association has only one vote.

Farmland has 22 directors elected for staggered terms of 3 years. Twenty-one of the directors are elected by districts, and one is a director-at-large.

Farmland purchases, processes, and manufactures supplies for distribution to retail farmer cooperatives. It directly manufactures fertilizer, feed, grease, batteries, and paint, and fabricates steel products. Four supply subsidiaries produce crude oil, refined fuels, lube oils, and fertilizer: (1) CRA, Inc., Kansas, Mo.—wholly owned; (2) Terra Resources, Inc., Tulsa, Okla., a spin-off of the exploration and production assets of CRA, Inc. (March 1, 1970)—wholly owned; (3) Cooperative Farm Chemicals Association (CFA), Lawrence, Kans.—75 percent owned; and (4) Farmers Chemical Company (FCC), Joplin, Mo.—77 percent owned.

Terra Resources, Inc., has a wholly owned subsidiary—CRA International, Inc.—which cooperates with others in exploring for oil and gas in the Canadian Provinces. The operations of these five subsidiaries were consolidated in the financial statements of Farmland.

As a service to affiliated locals, Farmland operates three other wholly owned subsidiaries: Cooperative Finance Association, Inc., to supplement available sources of credit for Farmland's members; Farmland Insurance Agency, Inc., to provide insurance services for member locals; and Minnesota Farm Service Company, which operates a retail farm cooperative primarily in Minnesota.

Supply sales of Farmland and its consolidated subsidiaries in fiscal 1968 and 1969 are shown in table 9.

Sales in fiscal 1968 included 861,000 tons of feed, 1.7 million tons of fertilizer, and 1.1

Table 9.—Supply sales of Farmland and its consolidated subsidiaries, fiscal years ending August 31, 1968 and 1969¹

Commodity	1968	1969
	<i>Million dollars</i>	
Petroleum products and byproducts	142.7	147.9
Fertilizer	92.7	74.2
Feed	65.2	70.2
Tires, tubes, and auto accessories	17.9	21.4
Agricultural chemicals	21.8	24.0
Building, farm, and home supplies	20.3	22.8
Plant equipment—petroleum, fertilizer, and other	8.8	7.6
Miscellaneous supplies	6.3	7.7
Total supplies	375.7	375.8
Marketing (beef, eggs and turkey)	14.9	66.5
Total sales	390.6	442.3

¹ Sales of supplies in fiscal 1970 were \$440,212,593. Sales of farm products were \$189,590,822.

billion gallons of refined fuels. Sales in fiscal 1969 included 951,700 tons of feed, 1.7 million tons of fertilizer, and 1.1 billion gallons of refined fuels.

In 1969, Farmland and its subsidiaries produced 74 percent of the petroleum products, 91 percent of fertilizer, 47 percent of feed, and 43 percent of other products supplied to patrons.

In the past decade, Farmland has become increasingly active in the field of cooperative marketing of farm products. It operates four boar testing stations as a service for farmers in improving hog quality. Farmland also operates a beef plant at Garden City, Kans., with sales of over \$62 million in 1969. Prior to July 1968, the plant operated as Producers Packing Company—a separate cooperative.

In the poultry field, Farmland operates two egg-cartoning facilities—in Eagle Grove, Iowa, and Hutchinson, Kans.—and an integrated turkey complex in Cheraw, Colo. Sales of beef, eggs, and turkeys totaled \$14.9 million in 1968 and \$66.5 million in 1969.

In addition, two hog-slaughtering plants in Iowa were operated in 1969 by Farmbest, Inc., Dennison, Ia.—a minority-owned but closely coordinated subsidiary. Sales of fresh pork and processed foods totaled \$78.7 million in fiscal 1968, and \$98.6 million in 1969. This volume is not included in the consolidated financial statement of table 9.

As of June 1, 1970, all food activities were transferred to a majority-owned cooperative subsidiary, Farmland Foods, Inc.

Net margins of Farmland and its consolidated subsidiaries totaled about \$16.1 million in fiscal 1968, and \$9.3 million in fiscal 1969. Their distribution is shown in table 10.

Table 10.—Distribution of net margins of Farmland and its consolidated subsidiaries, fiscal years ending August 31, 1968 and 1969¹

Distribution of net margins	1968	1969
<i>Dollars</i>		
Federal income taxes	1,348,200	1,526,327
Cash dividends on stock	1,755,327	1,704,530
Patronage refunds paid in:		
Cash or equivalent	6,065,856	2,160,735
Common stock	5,744,932	1,896,439
Nonmember capital equities	134,572	24,121
Additions to surplus	1,112,383	1,942,084
Total²	16,161,270	9,254,236

¹ Net margins in fiscal 1970 were \$19,718,839.

² Approximately all of these net savings each year were derived from supply operations.

In fiscal years 1968 and 1969, Farmland made additional cash payments of \$40,050 and \$139,825, respectively, to patrons for redemption of preferred stock originally issued in payment of prior years' refunds. All of Farmland's revolving capital certificates have been redeemed, and patrons' equity reserve credits can be paid whenever voted by the board of directors.

Total cash distributed to patrons, exclusive of interest on certificates of indebtedness, amounted to \$6,105,906 in fiscal 1968, and \$6,205,681 in fiscal 1969.

Net margins of Farmland and its consolidated subsidiaries from its organization in 1929 through August 31, 1969 totaled \$241,226,000. These margins were distributed as follows: \$22,163,800 for income taxes; \$113,113,000 for cash payment of patronage refunds and dividends on capital stock; \$83,332,141 for patrons' investment in capital stock and allocated reserves; and \$22,617,059 to general surplus.

The financial position and net worth of Farmland and its consolidated subsidiaries are shown in tables 11 and 12.

Table 11.—Condensed balance sheet of Farmland and its consolidated subsidiaries, fiscal years ending August 31, 1968 and 1969¹

Item	1968	1969
<i>Million dollars</i>		
Assets:		
Current	78.7	86.1
Fixed (net)	187.0	188.7
Other	60.2	58.1
Total	325.9	332.9
Liabilities and net worth:		
Current liabilities	60.8	64.9
Long-term liabilities	87.5	84.0
Certificates of indebtedness ²	49.2	48.9
Minority interest in subsidiaries	5.1	4.4
Capital shares and equities	123.3	130.7
Total	325.9	332.9

¹ Total assets on August 31, 1970 were \$345,330,419; capital shares and equities totaled \$136,910,407.

² These vary from 5½ percent, 20- or 25-year certificates, to 6 percent, 12-year certificates, and 7 percent, 18-year certificates.

Table 12.—Net worth (capital shares and equities) of Farmland and its consolidated subsidiaries, fiscal year ending August 31, 1969

Item	Amount
<i>Dollars</i>	
Preferred stock	39,476,500
Common stock	62,817,950
Capital stock credits	6,709
Nonmember capital equities	475,037
Patrons' equity reserves	3,331,677
Patronage refunds for reinvestment (1969)	1,920,560
Surplus—earned	22,617,059
Total	130,645,492

Farmland and its consolidated subsidiaries also had invested \$54,611,130 in other federations of regional cooperatives that owned various manufacturing and wholesale facilities on August 31, 1969. These investments are included in "other assets" in the consolidated balance sheet.

Farmland and its consolidated subsidiaries had 4,509 employees on August 31, 1969. These consisted of 1,860 employees engaged in general administrative activities; 714 in oil production and refining; 1,160 in manufacturing plants (other than refining); 499 in wholesale distribution, including warehousing

and transportation; and 276 in processing and marketing farm products.

Farmland's principal facilities and their size or annual capacities are shown in table 13.

Table 13.—Principal facilities (land, buildings, and equipment, by plants) of Farmland and its consolidated subsidiaries, fiscal year ending August 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Refining and oil production:			
Refineries	3	Mil. bbl.	17.5
Gas plants	3	--	--
Pipe lines (miles)	694	--	--
Fertilizer production:			
Nitrogen fertilizer plants	4	Tons	961,000
Ammonium phosphate plants	2	Do.	784,500
Mixing and dry blending plants	18	Do.	291,000
Liquid mixing plants	2	Do.	36,000
Feed mills	17	Do.	668,000
Distribution and transportation:			
Warehouses	16	--	--
Terminals	17	--	--
Battery plant	1	Units	184,000
Grease plant	1	Lb.	20,900,000
Paint plant	1	Mil. gal.	1.5
Printing plant	1	--	--
Steel fabricating plant	1	--	--
Educational building	1	--	--
Research:			
Laboratory	1	--	--
Demonstration farm	1	--	--
Swine testing stations	4	--	--

Farmers Union Central Exchange, Inc.

Farmers Union Central Exchange, Inc., with headquarters at South St. Paul, Minn., was organized in 1931. On December 31, 1969, it was serving 520 member associations with approximately 305,000 members—85 percent of them farmers—and 585 nonmember associations. The Central Exchange operates in Wisconsin, Minnesota, North Dakota, South Dakota, and Montana, and parts of Wyoming, Idaho, Washington, and Oregon.

A local farmer cooperative may become a member of the Central Exchange by acquiring one \$25 share of common stock and agreeing to comply with its bylaws. Each member cooperative has voting power equal to the number of its member-stockholders.

The Central Exchange has 11 directors, elected by districts for staggered terms of 3 years.

The Central Exchange is independent of the various State Farmers Union membership

organizations in the area it serves. It does, however, annually prorate 5 percent of its cash net savings, before any distribution to patrons, among these State organizations to promote and organize cooperatives.

The Central Exchange has two wholly owned subsidiaries. Cenex Pipeline Company, which was formed in 1962, owns a products pipeline from Glendive, Mont. to Minot, N.Dak., and leases a pipeline from Laurel to Glendive, Mont. Cenex, Inc., was formed in 1965 to operate an ammonia phosphate plant at Pine Bend, Minn., and a fertilizer mixing plant at Winona, Minn. The Central Exchange also has a half interest in the Farmers Union Publishing Company and the Senex Service Co., both of South St. Paul, Minn.; one-third interest in the Green Bay Terminal Corporation, Green Bay, Wis.; and a minority interest in the Farmers Union Cooperative Credit Association, South St. Paul, Minn.

Sales and net margins of the Central Exchange for fiscal 1968 and 1969 are shown in tables 14 and 15.

Table 14.—Wholesale value of sales made by Central Exchange and its subsidiaries, years ending December 31, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Feed	8,651,442	9,176,317
Seed	3,261,739	3,306,881
Fertilizer	25,917,786	26,453,806
Petroleum products	72,960,276	77,632,345
Tires, tubes, and other accessories	15,372,279	17,228,101
L.P. gas equipment	3,208,932	3,380,557
Oil equipment (station and farm)	1,757,983	2,028,885
Farm machinery and parts	3,056,644	3,837,816
Milking machines	142,504	139,590
Paint	925,998	909,420
Hardware	7,416,441	8,015,422
Electrical equipment and appliances	2,105,788	2,214,326
Twine	1,774,167	1,466,088
Agricultural chemicals	7,066,818	7,260,400
Miscellaneous ²	373,706	363,914
Total	153,992,503	163,413,868

¹ Net sales of supplies in 1970 totaled \$175,330,110.

² Includes such items as stationery and office equipment.

Table 15.—Source and distribution of net margins available to patrons by Central Exchange and its subsidiaries, years ending December 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Source:		
Manufacturing and wholesaling operations	6,088,235	7,736,647
Dividends, patronage refunds, and allocated reserves	4,329,000	3,602,324
Total	10,417,235	11,338,971
Distribution:		
Patronage refunds in cash	2,081,444	2,128,630
Patronage refunds in capital stock	7,295,848	8,076,455
Additions to capital reserves and other reserves	1,039,943	1,133,886
Total	10,417,235	11,338,971

¹ Net margins in 1970 were \$12,796,643.

In addition to paying patronage refunds in capital stock, the Exchange made quarterly price adjustments in cash on purchases of certain light petroleum products by local cooperatives. These price adjustments totaled \$1,958,339 in 1968, and \$2,024,059 in 1969.

The Central Exchange also made cash retirements of capital stock, originally issued in payment of patronage refunds, amounting to \$2,599,265 in 1968. The amount retired in 1969 was \$2,757,504. The method of retiring stock in 1969 was 10 percent of the 1968 stock, plus 3 percent of all remaining stock.

Since its organization in 1931, total net savings of the Central Exchange available to member and patron companies have been \$200,700,799. Of this amount, the Exchange paid \$691,831 as cash dividends on capital stock, \$11,382,896 in cash patronage dividends, \$137,790,117 as patronage dividends in capital stock, and \$34,606,745 as cash price adjustments, and added \$16,229,210 to capital reserves. The total amount of cash returned to local cooperatives, as of December 31, 1969, was \$102,053,075.

A financial statement of the Exchange for fiscal 1968 and 1969 is provided in table 16. Tables 17 and 18 show the net worth and facilities of the Exchange as of December 31, 1969.

Table 16.—Condensed balance sheet of Central Exchange and its subsidiaries, years ending December 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	51,040,931	55,182,299
Fixed (net)	44,055,180	43,748,468
Other fixed assets (crude oil properties)	2,370,880	3,005,605
Investments	16,353,962	19,867,281
Total	113,820,953	121,803,653
Liabilities and net worth:		
Current liabilities	16,829,305	20,859,001
Noncurrent liabilities (all notes payable)	6,951,700	4,426,928
Net worth (capital and reserves)	90,039,948	96,517,724
Total	113,820,953	121,803,653

¹ Total assets on December 31, 1970 were \$135,423,080; net worth was \$103,891,225.

Table 17.—Net worth of Central Exchange,
December 31, 1969¹

Item	Amount
	<i>Dollars</i>
Common stock	13,200
Preferred stock	71,741,750
Capital stock credits	18,593
Capital reserves	16,229,210
1968 patronage refund to be distributed	8,514,971
Total	96,517,724

¹ All of the common and preferred capital stock represents reinvested patronage refunds. No stock or other securities have been sold to member associations or others.

At the end of 1969, the Central Exchange had \$19,164,448 invested in federations of regional cooperatives operating manufacturing and wholesaling facilities. The principal investments were in National Cooperative Refinery Association, McPherson, Kans.; Central Farmers Fertilizer Company, Chicago, Ill.; and National Cooperatives, Inc., Albert Lea, Minn.

On December 31, 1969, the Central Exchange and its subsidiaries had 1,240 employees. Of these, 450 were engaged in general and administrative activities; 450 in manufacturing and processing operations; and 340 in wholesale distribution, including warehousing and transportation.

Table 18.—Types and capacity of principal facilities owned by Central Exchange and its subsidiaries,
December 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Wholesale warehouses	10	Sq. ft.	769,000
Oil blending plant	1	Gal.	20,000,000
Bulk fertilizer blending plants	19	Tons	190,000
Refinery	1	Bbl.	9,344,000
Crude oil reserves (acres)	586,000	Do.	10,000,000
Pipeline terminals	3	Do.	¹ 627,998
Petroleum pipeline (miles)	423		--
LP gas plants	25	Gal.	1,212,000
Seed plants	7	Lb.	25,000,000
Feed plant	1	Tons	30,000

¹ Storage capacity.

FS Services, Inc.

FS Services, Inc., with headquarters in Bloomington, Ill., was organized in 1927 as the Illinois Farm Supply Company, Chicago. On August 31, 1962, it merged with the Farm Bureau Service Company of Iowa, Des Moines, to become FS Services, Inc. On August 1, 1965, Producers Seed Company, Piper City, Ill., merged with FS Services, Inc., and on September 1, 1965, the Wisconsin Farmco Service Cooperative, Madison, also merged with FS Services.

On August 31, 1969, FS Services was providing manufacturing and wholesale farm supply services for 145 member companies in Illinois, Iowa, and Wisconsin. Most of these

associations, with 1,700 outlets, operated over multicountywide areas and served about 275,000 members—95 percent of them farmers.

The FS member companies handle petroleum, feed, plant food, seed, farm chemicals, and general farm supplies. Each is required to own one share of FS common stock—no-par value. All have membership agreements with FS Services, Inc. These companies also own Class "A" and "C" preferred stocks of FS Services which constitute 90 percent of the value of all its outstanding preferred stock. The balance of the preferred stock consists of Class "B" preferred, owned by Illinois, Iowa, and Wisconsin State Farm Bureaus, and of prior preferred (nonvoting), owned by individuals.

FS Services, Inc., and the local county cooperative companies operate on a federated basis. These member companies elect 13 of the directors of FS Services, by districts, for 2-year terms. In addition, one director of the Illinois Agricultural Association (the State Farm Bureau organization), one director of the Iowa Farm Bureau Federation, and one director of the Wisconsin Farm Bureau Federation are elected to the board for 2-year terms.

Only those patrons who are members of the Farm Bureau share in the local cooperative patronage refunds. FS Services holds some voting stock in most of its member companies in Illinois, but none in those in Iowa and Wisconsin.

FS Services, Inc., has a wholly owned subsidiary—FS Development—which leases assets to FS Services and its member companies. It also has a majority-owned subsidiary—FS Farmco—which is a financing and leasing cooperative.

Tables 19 and 20 show the value of sales of FS Services and its subsidiaries in 1968 and 1969, and the distribution of net margins.

Total net margins of FS Services, Inc., and its predecessors (Illinois Farm Supply Company and Farm Bureau Service Company of Iowa), and their subsidiaries, since the organization of each, have been \$153,577,592. Of this amount, they have paid \$18,638,872 as Federal income taxes; \$10,186,072 as divi-

Table 19.—Wholesale value of supplies sold by FS Services, Inc., and its subsidiaries, fiscal years ending August 31, 1968 and 1969¹

Commodity	1968	1969
	<i>Dollars</i>	
Feed	33,884,878	33,616,160
Seed	6,044,102	6,374,493
Fertilizer	41,757,740	36,996,106
Petroleum products	51,555,575	49,860,795
Tires, tubes, and accessories	1,795,841	1,767,145
Farm automation equipment	7,156,396	6,698,604
Paint and plant equipment	5,817,709	4,271,070
Farm chemicals	17,170,656	18,147,410
Animal health supplies	686,157	595,553
Total	165,869,054	158,327,336

¹ Sales of supplies in fiscal 1970 were \$180,064,854.

Table 20.—Distribution of net margins by FS Services, Inc., and its subsidiaries, fiscal years 1968 and 1969¹

Distribution of net margins	1968	1969
	<i>Dollars</i>	
Federal income taxes	1,138,000	1,490,000
Cash dividends on capital stock	777,403	819,027
Patronage refunds paid in:		
Cash	6,481,759	3,774,608
Capital stock	1,620,500	943,600
Additions to retained earnings	768,384	362,978
Total	10,786,046	7,390,213

¹ Net margins in fiscal 1970 were \$10,992,694.

dends on capital stock; \$92,452,614 as cash patronage refunds; \$21,814,079 as patronage refunds in capital stock; and retained \$10,485,955 as surplus. They have never operated on a revolving capital basis.

The financial condition, net worth, and principal facilities of FS Services, Inc., are shown in tables 21-23.

Table 21.—Condensed balance sheet of FS Services, Inc., and its subsidiaries, fiscal years ending August 31, 1968 and 1969¹

Item	1968	1969
	<i>Dollars</i>	
Assets:		
Current	30,630,675	24,348,190
Fixed (net)	8,230,992	7,966,017
Other	17,543,862	21,905,653
Total	56,405,529	54,219,860
Liabilities and net worth:		
Current liabilities	14,632,703	11,674,856
Other liabilities ²	5,739,250	5,461,850
Shareholders' equity	36,033,576	37,083,154
Total	56,405,529	54,219,860

¹ Total assets on August 31, 1970 were \$61,307,849; net worth was \$39,343,806.

² Consists of subordinated debentures—5 percent—with varying amounts due in 1974, 1984, and 1989.

FS Services, Inc., had \$21,308,708 invested in federations of regional cooperatives and allied companies operating various refining, producing, manufacturing, and wholesaling facilities at the end of fiscal 1969.

Table 22.—Shareholders' equity (net worth) of FS Services, Inc., and its subsidiaries, August 31, 1969

Item	Amount
	<i>Dollars</i>
Preferred stock:	
Outstanding	25,782,555
To be issued	943,600
Retained earnings:	
Allocated to members (letters of advice)	1,100,000
Unallocated surplus	9,256,999
Total	37,083,154

Table 23.—Type and capacity of principal facilities owned by FS Services, Inc., and its subsidiaries, August 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Warehouses	5	--	--
Feed mills	4	Tons	300,000
Marine and pipeline terminal-bulk petroleum plants	3	Bbl.	¹ 583,000
Barges	3	Bbl.	¹ 62,000
Plant food plants	2	Tons	150,000
Seed plants	3	--	--
Research farm	1	--	--

¹ Storage capacity.

This cooperative and its subsidiaries had 1,342 employees on August 31, 1969. Of these, 521 were in general and administrative activities, 431 in supply manufacturing and processing, and 390 in wholesale distribution, including transportation and warehousing.

Southern States Cooperative, Inc.

Southern States Cooperative, Inc. (SSC), Richmond, Va., was organized on July 21, 1923, as the Virginia Seed Service. The present name was adopted in 1933.

At the end of fiscal 1969, SSC was furnishing supplies through local cooperatives, service agencies, and retail branches to about 213,000 members in Virginia, West Virginia, Kentucky, Maryland, and Delaware. Approximately 99 percent of their members are farmers. These outlets also serve a number of nonfarmer patrons.

SSC is a centralized-federated cooperative with both cooperatives and farmers directly holding membership stock in it, but in practice it operates on a federated basis. Either a farmer-patron or an agricultural cooperative becomes a member by acquiring one or more shares of \$1 par value common stock, which may be issued in payment of patronage refunds, and by agreeing to provisions of the bylaws. Each member has one vote.

SSC had 80,755 direct farmer-members on June 30, 1969. They were located in areas served by independent dealer-agents and retail branches of SSC. Also, SSC had 171 local and regional cooperatives which were members on this date.

Members served by each dealer-agent and SSC retail branch elect a six-member advisory board to vote for and represent the group in all matters at the annual meeting of SSC, which is the usual practice of directors of local-member cooperatives.

SSC has 15 directors, of which 10 are elected by districts for staggered terms of three years. The other five are public directors appointed for 3-year terms on a staggered basis, one each by the director of Extension Service of the land-grant university in each of the five States in which SSC operates. SSC's retail distribution system is shown in table 24.

Table 24.—Type and number of retail outlets providing SSC supplies and services, fiscal year ending June 30, 1969

Retail outlet	Number
Local affiliated cooperatives:	
Farm supply cooperatives with management contracts	113
Farm supply cooperatives without management contracts	48
Petroleum cooperatives with management contracts	10
Service agencies (independently owned)—	
farm supplies and petroleum	404
Farm supply retail SSC branches	38
Petroleum retail SSC branches	22
Total	635

Local affiliated cooperatives with management contracts are separately incorporated associations. Their boards of directors employ SSC to perform certain management, accounting, auditing, and financial services on a

fee basis. Through these farm supply and petroleum cooperatives, SSC distributes approximately 44 percent of its wholesale supply volume. Those associations without management contracts are independent cooperatives which use the association as a wholesale source of supplies.

Service agencies are retail farm supply dealers who have been awarded the SSC franchise upon recommendation of the local membership. Under the terms of this franchise, dealers handle the supplies under agreed upon conditions. Approximately 39 percent of SSC's wholesale volume is distributed through these agencies.

Feed and fertilizer manufacturing operations are conducted through SSC's plants. Feed also is manufactured in one majority-owned subsidiary—Cooperative Mills, Inc., Cincinnati, Ohio. Several other wholesale cooperatives own an interest in and use this subsidiary as a source of their feed requirements.

SSC handles a diversified line of supplies, with feed the largest volume item (table 25).

Table 25.—Wholesale value of supplies distributed by SSC and its subsidiary, fiscal years ending June 30, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Feed	35,456,196	38,282,991
Fertilizer	20,084,567	20,519,253
Seed	6,917,915	7,590,878
Petroleum products and equipment	13,125,199	14,048,338
Tires, batteries, and auto accessories	3,926,381	4,261,195
Farm equipment and tools	5,290,776	6,487,723
Hardware and steel products	7,866,901	8,321,117
Paint and asphalt	1,224,363	1,409,128
Insecticides, sprays, and chemicals	4,115,302	5,003,163
Electrical equipment and appliances	1,932,122	1,903,234
Miscellaneous	73,446	--
Total ²	100,013,168	107,827,020

¹ Net wholesale and retail sales of supplies in fiscal 1970 were \$132,188,828, compared with \$117,500,787 in 1969.

² Hatchery sales are reported with eggs.

These volumes included supplies—mainly feed and fertilizer—manufactured for other

regional cooperatives in the amount of \$1,953,323 in fiscal 1968, and \$1,649,385 in fiscal 1969.

Total wholesale volume in fiscal 1968 included 435,624 tons of feed, 437,106 tons of fertilizer, and 106,534,431 gallons of refined fuels. The volumes for fiscal 1969 included 483,192 tons of feed, 481,300 tons of fertilizer, and 113,329,355 gallons of refined fuels.

In addition, SSC had retail sales of supplies and petroleum through its own retail branches, totaling \$24,019,700 in fiscal 1968, and \$27,947,591 in fiscal 1969.

Retail sales of supplies by farm supply and petroleum cooperatives managed by SSC amounted to \$63,620,196 in fiscal 1968, and to \$68,649,736 in fiscal 1969.

SSC also directly markets eggs and wool produced by its members (table 26).

Table 26.—Value of farm products marketed through SSC, fiscal 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Eggs	4,287,493	4,646,592
Wool	97,353	70,308
Total	4,384,846	4,716,900

¹ Total sales in fiscal 1970 were \$4,626,966.

Grain marketing services are provided by a separate affiliate—Southern States Grain Marketing Cooperative, Inc.—which is under management services of SSC. It has five terminal grain elevator facilities. Sales of grain totaled \$17,837,823 in fiscal 1968, and \$14,539,640 in fiscal 1969.

Total net margins available to patrons of SSC and its subsidiary, and their distribution in fiscal years 1968 and 1969, are shown in table 27. Approximately all of the net margins in both years were derived from supply operations. Total net margins of the retail farm supply and petroleum cooperatives managed by SSC were \$2,508,450 in fiscal 1968, and \$2,630,612 in fiscal 1969.

For many years, SSC's policy has been to retire upon request, at par value, the voting stock issued originally in payment of patronage refunds made 10 years previous. For fiscal year ending June 30, 1968, the amount redeemed

Table 27.—Distribution of net margins of SSC and its subsidiary, fiscal 1968 and 1969¹

Distribution	1968	1969
<i>Dollars</i>		
Cash dividends on capital stock	1,324,488	1,421,372
Patronage refunds in cash	1,466,213	1,206,561
Patronage refunds in stock and member equities	2,293,138	1,610,339
Additions or adjustments to capital reserves	659,316	545,320
Total	5,743,155	5,783,592

¹ Net margins in fiscal 1970 totaled \$4,992,379.

was \$43,133; for the year ending June 30, 1969, redemptions totaled \$160,710.

Also, during fiscal 1968, SSC retired \$595,022 of capital book equities which had been allocated to patrons in 1956, and equities involved in the settlement of estates. In fiscal 1969, it retired \$567,526 of such equities issued in 1957.

Total net margins available to patrons of SSC, its subsidiary, and the combined retail system since organizing in 1923 have been \$120,006,248. Of this amount, SSC paid \$32,259,488 as cash dividends on capital stock, \$29,004,908 as patronage refunds in cash, and \$43,868,762 in capital stock, capital book equities, and debentures. It retained the remaining \$14,873,090 for capital as general reserves. The total amount of capital stock retired since 1923 under a revolving capital plan has been \$19,992,674.

The financial condition, net worth, and facilities of SSC and its subsidiary for fiscal

years ending June 30, 1968 and 1969 are shown in tables 28-30.

Table 28.—Condensed balance sheet of SSC and its subsidiary, fiscal years ending June 30, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	38,789,581	40,939,891
Fixed (net)	21,238,918	21,845,406
Other (net)	14,089,478	15,632,525
Total	74,117,977	78,417,822
Liabilities and net worth:		
Current liabilities	11,190,730	14,018,565
Deferred liabilities:		
Debentures	10,501,942	9,758,538
Other	12,321,442	13,897,286
Net worth or members' and patrons' equities	40,103,863	40,743,433
Total	74,117,977	78,417,822

¹ Total assets on June 30, 1970 were \$88,848,012; net worth was \$41,804,016.

Table 29.—Net worth or members' and patrons' equities of SSC and its subsidiary, June 30, 1969

Item	Amount
<i>Dollars</i>	
Preferred capital stock	11,579,700
Common capital stock	12,991,146
Preferred and common stock—minority interest of other cooperatives	870,000
Capital book equities and certificates	1,199,587
Capital reserves	14,103,000
Total	40,743,433

Table 30.—Types and capacity of main facilities owned by SSC and its subsidiary, June 30, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Wholesaling and manufacturing:			
Feed mills	5	Tons	750,000
Fertilizer plants	7	Do.	450,000
Seed cleaning plants	9	Lb.	34,000
Petroleum terminals	2	Bbl.	787,500
Wholesale farm supply warehouses	8	Sq. ft.	645,800
Retailing:			
SSC branch stores	35	--	--
SSC branch petroleum plants	22	--	--
Marketing:			
Egg service plants	3	Cases	490,000

Approximately 50 percent of the common and preferred capital stock represented retained patronage refunds, and the remaining 50 percent had been sold to members and others.

On June 30, 1969, SSC had \$5,024,940 invested in federations of regional cooperatives, as well as \$2,594,120 in allied companies operating various manufacturing and wholesaling facilities. These investments are included in "other assets" in SSC's balance sheet.

SSC and its subsidiary had 1,891 employees on June 30, 1969. Of these, 462 were engaged in general administrative activities; 526 in supply manufacturing and processing; 327 in wholesale distribution, including warehousing and transportation; 465 in retail distribution; and 111 in marketing farm products. These figures do not include employees of SSC-affiliated service stores and petroleum cooperatives.

Midland Cooperatives, Inc.

Midland Cooperatives, Inc., with headquarters at Minneapolis, Minn., was organized on September 8, 1926. On December 1, 1963, Midland merged with Central Cooperatives, Inc., Superior, Wis., which had been formed in 1917 and had 242 local-member cooperatives. Midland operates throughout Minnesota and Wisconsin, in northern Iowa, and in the eastern parts of the Dakotas. At the end of 1969, it was serving 669 local-member associations with about 425,000 members, of which about 90 percent were farmers, and 200 nonmember associations. It also served 23 Midland-operated retail branch stores and stations. Of these local cooperatives, 46 were under a management agreement with Midland.

Membership in Midland is limited to cooperatives and is obtained by acquiring one \$1,000 share of Class A or Class B common stock and agreeing to provisions of the bylaws. Class A common stockholders consist of cooperatives or similar associations as defined in the Agricultural Marketing Act and incorporated under the laws of any State or the District of Columbia and approved by the Board of Directors. Each has one vote plus one additional vote for each \$25,000 or major fraction thereof of business transacted with Midland during the preceding year.

Class B common stockholders consist of cooperatives, like associations of retail patrons, and nonprofit organizations ineligible to hold

Class A common stock. Each has only one vote.

Midland has 15 directors elected by districts for staggered terms of 3 years.

At the end of 1969, Midland had the following subsidiaries:

- (1) Petroleum Resources Corporation—wholly owned—holds working interests in leased production oil properties and interests in leases of undeveloped oil properties in several States; operates terminals and markets Midland's excess petroleum products; leases transportation equipment; and holds real and personal property for leasing to Midland.
- (2) Midland Credit Corporation—wholly owned—makes direct loans to patrons of member cooperatives, commercial poultry and egg producers, and feeders; and acts as a discounting agency for financing promissory notes.
- (3) Trade Credit Corporation—wholly owned—is chartered to engage in a wide range of activities, but its primary function is to help member cooperatives acquire and finance their inventories and other working capital needs.

Midland also has about 49-percent interest in M-C-M Corporation—a real estate holding company—and holds a minority interest in the Green Bay (Wis.) Terminal Corporation.

Midland handles a wide variety of supplies. Its volume and net margins and their distribution in 1968 and 1969 are shown in tables 31 and 32.

Sales in 1968 included 115,528 tons of feed, 190,501 tons of fertilizers, and 299,529,630 gallons of refined fuels. Sales in 1969 included 121,650 tons of feed, 120,033 tons of fertilizer, and 299,283,510 gallons of refined fuels. Retail sales of Midland-operated outlets totaled \$5,008,940 in fiscal 1968, and \$7,286,868 in 1969.

Volume of loans by Midland's two credit corporations totaled \$18,256,207 in 1968, and \$20,569,436 in 1969.

In 1968, Midland retired \$718,290 of capital stock originally issued in payment of patronage refunds under its revolving capital plan of financing. It retired \$473,735 of capital stock in 1969.

Net margins of Midland and CCI since their

Table 31.—Wholesale volume of supplies distributed by Midland and its subsidiary, years ending December 31, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Feed, flour, and mill feed	8,661,339	9,591,908
Fertilizer	10,273,307	10,908,894
Seed	886,861	857,881
Petroleum products	36,006,371	38,108,295
Tires, tubes, and accessories	5,837,236	6,148,509
Steel products	1,179,074	1,148,054
Lumber, paint, and other maintenance supplies	818,048	900,492
Agricultural chemicals	2,750,130	2,949,472
Electrical equipment and appliances	1,608,898	2,081,615
Farm equipment, hardware, and farm tools	2,611,025	2,780,018
Oil station and plant equipment	435,432	495,390
Plumbing and heating equipment	947,031	1,032,023
LP gas cylinders, equipment, and plants	5,626,369	6,111,880
Meats, produce, bakery items, and coffee	15,460,906	15,807,550
Clothing and dry goods	1,289,888	1,297,080
Printing	502,020	496,549
Miscellaneous supplies	2,158,873	1,347,438
Total	97,052,808	102,063,048

¹ Sales of supplies in fiscal 1970 totaled \$116,308,407.

Table 32.—Distribution of net margins available to patrons, after tax provisions, by Midland and its subsidiary, years ending December 31, 1968 and 1969¹

Distribution	1968	1969
<i>Dollars</i>		
Cash dividends on capital stock	83,598	81,239
Patronage refunds in cash	419,964	218,472
Patronage refunds in capital stock	1,179,854	827,324
Additions to surplus	111,162	641,419
Total	1,794,578	1,768,454

¹ Net margins in 1970 were \$2,639,877; advance cash refunds totaled \$1,218,083.

organization have totaled \$41,376,385. Of this amount, \$3,364,658 was paid as dividends on capital stock; \$2,064,309 as cash patronage

refunds on a current basis; \$29,414,642 as patronage refunds in capital stock; \$3,376,464 as income taxes; and the remaining \$3,156,312 was retained as surplus.

The financial position, net worth, and principal facilities of Midland and its subsidiaries are shown in tables 33-35.

Table 33.—Condensed balance sheet of Midland and its subsidiary, years ending December 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	20,534,836	22,416,295
Fixed (net)	12,279,230	12,595,114
Other	11,562,641	13,230,596
Total	44,376,707	48,242,005
Liabilities and net worth:		
Current liabilities	11,930,583	15,848,345
Other liabilities:		
Debentures	1,661,060	1,716,842
Other	9,207,702	8,427,056
Net worth (capital equities)	21,577,362	22,249,762
Total	44,376,707	48,242,005

¹ Total assets were \$53,369,446 on December 31, 1970; net worth was \$23,671,264.

Table 34.—Net worth or capital equities of Midland and its subsidiary, December 31, 1969

Item	Amount
<i>Dollars</i>	
Common stock ¹	19,729,495
Preferred stock ¹	1,487,010
Stock credits	930,845
Earned surplus (unappropriated and undistributed)	102,412
Total	22,249,762

¹ Includes subscriptions, but excludes treasury stock at cost.

On December 31, 1969, Midland also had \$13,230,596 invested in federations of regional cooperatives and allied companies operating manufacturing and purchasing facilities. Principal investments were in the National Cooperative Refinery Association, McPherson, Kans.; National Cooperatives, Inc., Albert Lea, Minn.; and Central Farmers Fertilizer Company, Chicago, Ill.

Table 35.—Types and capacities of principal facilities operated by Midland and its subsidiary, December 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Wholesale warehouse	1	Sq. ft.	2,500,000
Petroleum refinery	1	Bbl.	6,200,000
Petroleum storage terminals	2	Do.	2,300,000
LP gas plants and equipment	21	Gal.	28,000,000
Fertilizer blending plants	13	Tons	46,000
Feed mills	3	Do.	46,000
Retail outlets	22	--	--

Midland had 993 employees on December 31, 1969. Of these, 253 were engaged in general and administrative activities; 271 in supply manufacturing and processing; 325 in wholesale distribution, including warehousing and transportation; and 144 in retailing operations.

The Cotton Producers Association (Gold Kist Inc., as of December 1970)

The Cotton Producers Association (CPA), with headquarters in Atlanta, Ga., was organized in 1936 and began handling farm production supplies in 1941. On June 30, 1969, it was providing production supplies to about 150,000 farmers in Georgia, Alabama, northern Florida, and a small portion of southeastern Tennessee through 70 affiliated mutual exchanges (local cooperatives), five independent cooperatives, seven franchised private dealers, and 25 CPA retail branches. The mutual exchanges are separately incorporated associations, but employ management, accounting, and financing services from CPA.

CPA markets cotton for members throughout the cotton belt, and processes and markets grains, pecans, poultry, and peanuts for its members in the Southeast. Its membership on June 30, 1969 consisted of about 92,000 individual farmers and 70 exchanges and other farmer cooperatives. A farmer or cooperative properly qualified under the bylaws may become a member and receive a certificate of membership. No membership fee is required. If a member ceases to patronize the association for 3 years, he is placed on the inactive list. Each member has only one vote.

CPA has 16 directors elected for staggered terms of 3 years. Nine are elected on a regular district basis; four represent corporation districts; and three are elected at large—one each to represent cotton, pecans, and peanuts.

CPA has a wholly owned domestic finance subsidiary and a wholly owned foreign subsidiary, but neither is consolidated in its financial statements.

CPA assisted in the organization and development of insurance and financing services for its members through three companies: Cotton States Mutual Insurance Company—for fire, wind, accidents, and the like; Cotton States Life and Health Insurance Company; and Cotton States Investment Company—for financing automobiles and trucks of policyholders of the other two companies.

CPA's supply business in fiscal 1969 was about \$87 million, with feed the major item (table 36). The volume of business included 692,235 tons of feed and 344,225 tons of fertilizer. Sales in fiscal 1968 were about \$78 million, including 618,224 tons of feed and 295,886 tons of fertilizer.

Table 36.—Wholesale value of supplies sold by CPA, fiscal years ending June 30 1968 and 1969¹

Commodity	1968	1969
	<i>Dollars</i>	
Feed	45,560,000	51,194,950
Fertilizer	13,052,000	14,052,136
Seed	2,100,000	2,076,551
General farm supplies	7,000,000	8,054,281
Pesticides	2,555,000	3,112,814
Chicks	8,200,000	8,389,482
Total	78,467,000	86,880,214

¹ Net sales of supplies and farm products totaled \$346,431,518 in fiscal 1970.

Supply sales at retail by CPA branches totaled \$7,913,503 in fiscal 1968, and \$7,315,711 in 1969. Dollar volume of the CPA mutual exchanges in fiscal 1968 was \$32,593,101. For fiscal 1969, their total business was \$37,991,238. These volumes included supplies and broiler production. CPA has marketed cotton for members since its organization. Later it began marketing services for broilers, grains, peanuts, pecans, and livestock (table 37).

Table 37.—Sales of farm products by CPA, after marketing deductions, fiscal years ending June 30, 1968 and 1969

Commodity	1968	1969
<i>Dollars</i>		
Eggs	0	2,677,607
Pecans	7,431,571	6,196,003
Cotton	17,060,620	12,833,727
Peanuts	67,841,473	70,220,632
Grain	16,557,573	8,089,103
Soybeans	0	7,068,618
Broilers	71,457,000	88,594,296
Livestock	2,262,006	2,745,301
Total	182,610,833	198,425,287

CPA realized total net margins of \$9,176,280 in fiscal year 1968, of which \$3,148,169 came from wholesale and retail supply operations. Net margins in fiscal 1969 totaled \$8,829,712, of which \$2,810,234 were from supply operations. The distribution of these net margins is shown in table 38.

Table 38.—Distribution of net margins of CPA, before interest on capital certificates, fiscal years ending June 30, 1968 and 1969¹

Distribution	1968	1969
<i>Dollars</i>		
Interest on capital certificates	1,402,759	1,646,142
Patronage refunds in cash	1,964,935	2,463,087
Patronage refunds in revolving capital certificates (cash upon request)	2,881,165	2,348,156
Additions to patronage capital reserves	2,927,421	2,372,327
Total	9,716,280	8,829,712

¹ Net margins in fiscal 1970 were \$9,283,645 after interest on certificates.

In fiscal 1968 and 1969, CPA redeemed upon request of holders \$1,012,084 and \$805,358, respectively, of certificates originally issued in payment of patronage refunds.

Total net margins available to patrons from 1937 to 1969 amounted to \$60,000,624, after deducting the interest paid on patrons' equities. Of this amount, CPA paid \$36,808,449 as cash or cashable patronage refunds, and retained \$23,192,175 as patronage reserves.

The financial position, patrons' equity, and principal facilities of CPA are shown in tables 39-41. At the end of fiscal 1969, the Association had investments of \$6,912,000 in federations of regional cooperatives for purchasing or manufacturing supplies.

Table 39.—Condensed balance sheet of CPA, fiscal years ending June 30, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	60,943,486	67,614,015
Fixed (net)	31,015,777	41,275,302
Other	26,255,264	24,751,170
Total	118,214,527	133,640,487
Liabilities:		
Current liabilities	42,716,740	46,910,931
Long-term liabilities	20,934,946	22,697,582
Patrons' equity	54,562,841	64,031,974
Total	118,214,527	133,640,487

¹ Total assets on June 30, 1970 were \$157,747,076; net worth was \$75,984,146.

Table 40.—Patrons' equity of CPA, June 30, 1969

Item	Amount
<i>Dollars</i>	
Preferred capital certificates	25,152,692
Revolving fund certificates	10,362,532
Patronage reserves	28,516,750
Total	64,031,974

On June 30, 1969, CPA had 4,748 employees. Of these, 395 were engaged in general and administrative activities; 988 in farm production supply operations; 616 in manufacturing and 224 in distribution, including warehousing and transportation; and 2,525 in processing and marketing farm products.

Table 41.—Type and capacity of principal facilities owned by CPA, June 30, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Wholesaling and manufacturing:			
Feed mills	6	Tons	900,000
Fish meal plant	1	Do.	30,000
Fishing boats	10	--	--
Seed plant	1	--	--
Fertilizer plants	5	Do.	300,000
Insecticide plant (dust)	1	} Do.	5,000
(liquid)			
Supply warehouses	3		--
Hatcheries	12	Chicks	200,000,000
Retailing (CPA branch stores and warehouses)	26	--	--
Marketing:			
Poultry processing plants	5	Lb.	500,000,000
Peanut plants	11	Tons	260,000
Pecan plants	2	Lb.	20,000,000
Grain elevators	15	Bu.	3,200,000
Soybean plant	1	Tons/day	¹ 1,000

¹ Farmer's stock.

Indiana Farm Bureau Cooperative Association, Inc.

Indiana Farm Bureau Cooperative Association, Inc. (IFBCA), with headquarters in Indianapolis, Ind., was organized in its present form in February 1927. On December 31, 1969, it had 82 countywide member farm bureau cooperatives in Indiana and one in Kentucky, with a total of 240 distribution points. These associations had approximately 140,000 members, about 90 percent of them farmers. IFBCA also served 21 nonmember co-ops. Ten of the county associations were under management and financing arrangements with IFBCA.

Membership in IFBCA is obtained by purchasing a \$100 share of common voting stock and agreeing to the provisions of the bylaws, but only the county associations hold such stock. Each members association has only one vote.

IFBCA has 10 directors elected by districts for 3-year terms, and one public director appointed annually by the board of directors. IFBCA is independent of the Indiana Farm Bureau, Inc., but one or more directors may be on the boards of both organizations. The same relationship exists among the county Farm Bureau cooperatives and county Farm Bureaus.

IFBCA has two wholly owned subsidiaries—The Farm Bureau Oil Company, which handles crude-oil buying and producing and pipeline operations; and Fabuco Services, which does business at the retail level.

IFBCA began marketing farm products in March 1947, when it formed the Poultry and Egg Department. In October 1947, the Indiana Wool Growers merged with IFBCA, and in October 1949, the Indiana Grain Cooperative merged with it. On December 31, 1969, the Indiana Grain Marketing Division of the Association was serving 198 local cooperative elevators in the State—most of them owned by member county associations.

A diversified line of supplies and equipment is handled by IFBCA (table 42). Sales of farm products are shown in table 43.

In 1968, sales of IFBCA included 207,687 tons of feed, 290,304 tons of fertilizer, and 181,486,149 gallons of refined fuels. Sales in 1969 included 203,891 tons of feed, 267,433 tons of fertilizer, and 179,142,157 gallons of refined fuels.

Total net margins available to patrons and their distribution for fiscal 1968 and 1969 are shown in table 44. The Association derived approximately 75 percent of these net margins in 1968, and 53 percent in 1969, from supply

Table 42.—Sales of supplies distributed at wholesale by IFBCA and its subsidiaries, years ending December 31, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Feed	19,325,579	18,816,452
Seed	1,403,212	1,557,170
Fertilizer	14,213,402	11,438,168
Petroleum products	24,044,064	24,936,129
Tires, tubes, and accessories	1,063,004	930,961
Farm machinery and parts	827,898	465,989
General farm equipment	335,028	1,056,371
Electrical equipment and appliances	409,962	351,621
Hardware	1,318,409	1,117,207
Lumber, paint, and other maintenance equipment	6,523,394	6,751,903
Insecticides	4,107,566	4,367,711
Chicks, eggs, and turkey poults	1,003,528	1,435,272
Miscellaneous ²	1,873,857	1,375,343
Total	76,448,903	74,600,297

¹ Sales of supplies in 1970 totaled \$78,844,000.

² Includes such items as twine, coal, steel products, bulk-plant equipment, printing supplies, and wool growers' supplies.

Table 43.—Sales of farm products marketed by IFBCA, years ending December 31, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Grain	110,851,845	138,180,655
Eggs	1,568,347	1,895,642
Wool	563,177	490,924
Total	112,983,369	140,567,221

¹ Sales of products in 1970 were \$173,911,000.

Table 44.—Distribution of net margins of IFBCA and its subsidiaries, years ending December 31, 1968 and 1969¹

Distribution of net margins	1968	1969
<i>Dollars</i>		
Cash dividends on capital stock	229,338	190,104
Patronage refunds:		
Cash or equivalent	664,621	542,359
Capital stock	2,610,100	2,126,600
Additions to capital reserves	379,481	218,006
Total	3,883,540	3,077,069

¹ Net margins in 1970 totaled \$3,516,626.

purchasing operations. The remainder came from marketing operations.

IFBCA also made cash retirements of its revolving capital in 1968 and 1969. During 1968, it retired \$3,447,500 of common stock, originally issued in payment of patronage refunds. In 1969, the Association retired \$1,028,000 of common stock. By December 31, 1969, it had retired all common stock issued through 1956.

The financial condition, net worth, and principal facilities of IFBCA and its subsidiaries are shown in tables 45-47.

Table 45.—Condensed balance sheet of IFBCA and its subsidiaries, years ending December 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	51,088,643	51,139,274
Fixed (net)	25,733,781	26,990,926
Other	9,027,358	7,446,118
Total	85,849,782	85,576,318
Liabilities and net worth:		
Current liabilities	23,988,539	25,578,994
Debenture bonds	6,157,600	5,737,000
Other deferred liabilities	7,938,018	7,051,540
Net worth (shareholders' and patrons' equities)	47,765,625	47,208,784
Total	85,849,782	85,576,318

¹ Total assets were \$106,730,871 on December 31, 1970, and net worth was \$85,576,318.

Table 46.—Net worth or shareholders' and patrons' equities of IFBCA and subsidiaries, December 31, 1969

Item	Amount
<i>Dollars</i>	
Preferred capital stock	4,060,700
Common stock (voting)	31,878,900
Common stock (nonvoting)	1,565,100
Patronage refunds to be applied against stock subscriptions	2,013,700
Reserve for revaluation of facilities acquired	28,029
General reserve	5,199,489
Patrons' equities—allocated	2,462,866
Total	47,208,784

Table 47.—Type and capacity of principal facilities owned by IFBCA and its subsidiaries, December 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Wholesaling and manufacturing of supplies:			
Wholesale farm supply warehouse	1	Sq. ft.	264,000
Fertilizer plants	3	Tons	175,000
Petroleum refinery	1	Bbl.	4,680,000
Petroleum product pipelines (miles)	230	--	--
Petroleum terminals and pump stations	7	Do.	4,000,000
Feed mills	2	Tons	150,000
Seed plant	1	Lb.	5,000,000
Hatchery	1	} Chicks } Turkeys	4,000,000
Poultry breeding farm	1		--
Marketing farm products:			
Grain terminals	3	Bu.	12,000,000
Egg plant	1	Cases	100,000
Farm Bureau Oil Co. (subsidiary):			
Crude oil pipeline (miles)	373	--	--

About 89 percent of the Association's capital stock represented retained savings; the remaining 11 percent had been sold to member associations and others.

On December 31, 1969, the Association also had \$4,518,500 invested in federations of regional cooperatives operating various manufacturing and wholesaling facilities. These investments are included in "other assets" of the association (table 45).

IFBCA and its subsidiaries had 1,239 employees on December 31, 1969. Of these, 657 were engaged in general and administrative activities; 366 in manufacturing and processing operations; 145 in wholesale distribution, including warehousing and transportation; and 71 in processing and marketing farm products.

Farmers Regional Cooperative²

The Farmers Regional Cooperative (Felco), with headquarters at Fort Dodge, Iowa, was organized on October 1, 1965 as a result of the merger of Farmers Elevator Service Company, Fort Dodge, Iowa (organized in 1926), and the

² Farmers Regional Cooperative merged with Land O' Lakes Creameries, Inc., effective April 1, 1970. The merged organizations became Land O' Lakes, Inc.

Farmers Union State Exchange, Omaha, Nebr., formed in 1914. On October 1, 1967, Big 4 Soybean Processing Cooperative, Sheldon, Iowa, was merged into Felco.

On September 30, 1969, Felco had 725 local member associations, located mainly in Iowa and Nebraska, and several in Minnesota, South Dakota, and Illinois. These local associations had approximately 200,000 members, of which about 99 percent were farmers. Felco did not serve any nonmember local co-ops.

Only farmer-owned cooperatives can qualify as members of Felco, and all business is done with them. Membership is obtained by purchase of one share of common voting stock with a par value of \$1,000, and agreeing to the provisions of the bylaws. Each member association has only one vote.

Felco has 14 directors elected for 3-year terms from seven districts, and one at-large director appointed by the Board of Directors. In addition, as of September 30, 1969, there were four directors carried over from the merger with the Big 4 Soybean Processing Cooperative.

Felco has two wholly owned subsidiaries—Fel-Tex, Inc., which operates a nitrogen plant at Fremont, Nebr., and Statex Finance Company, which provides credit to members in Nebraska only.

The wholesale volume of supplies and net savings of Felco in fiscal 1968 and 1969 are shown in tables 48 and 49.

Table 48.—Supplies sold at wholesale by Felco and its subsidiaries, fiscal years ending September 30, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Feeds and ingredients	31,156,140	33,026,428
Seeds	2,550,702	2,897,792
Fertilizers	11,116,978	11,326,744
Farm chemicals	5,921,246	6,327,777
Petroleum products	7,829,342	9,118,185
Equipment-farm and plant	1,979,220	2,055,960
Other supplies	95,858	226,165
Total	60,649,486	64,979,061

¹ Estimate is given for items that are combined.

Sales in fiscal 1968 included 330,000 tons of feed, 197,000 tons of fertilizer, and 59,000,000 gallons of refined fuels. Sales in fiscal 1969 included 363,000 tons of feed, 227,000 tons of fertilizer, and 67,000,000 gallons of refined fuels.

Table 49.—Distribution of net savings of Felco and its subsidiaries, fiscal years ending September 30, 1968 and 1969

Distribution of net savings	1968	1969
<i>Dollars</i>		
Cash dividends on capital stock	90,488	85,960
Patronage refunds:		
Paid in cash	742,925	530,907
Allocated and deferred	2,228,775	1,592,721
Retained in general reserve	178,369	176,312
Total	3,240,557	2,385,900

Felco also made cash retirements of revolving capital as follows: In 1968, it retired patronage refund allocations totaling \$1,419,709; in 1969, retired allocations totaled \$1,515,674.

The financial position, net worth, and principal facilities of Felco are shown in tables 50-52.

Table 50.—Condensed balance sheet of Felco and its subsidiaries, fiscal years ending September 30, 1968 and 1969

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	11,182,967	12,061,059
Fixed (net)	6,948,579	6,969,100
Investments	8,158,818	9,276,627
Other	1,266,079	1,126,687
Total	27,556,443	29,433,473
Liabilities and members' equities:		
Current liabilities	5,514,048	7,118,890
Long-term liabilities	1,339,318	1,380,089
Members' equity or net worth	20,703,077	20,934,494
Total	27,556,443	29,433,473

Table 51.—Net worth or members' equities of Felco and its subsidiaries, September 30, 1969

Item	Amount
<i>Dollars</i>	
Common capital stock	4,104,761
Preferred capital stock	1,448,145
Capital stock credits	90,825
General and paid-in surplus	1,294,579
Allocated general reserves	1,088,307
Allocated patronage refunds	12,907,877
Total	20,934,494

Table 52.—Types and capacity of principal facilities owned by Felco and its subsidiaries, September 30, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Warehouses	8	Sq. ft.	291,000
Feed mills	6	Tons	240,000
Nitrogen plant	1	Do.	150,000
Fertilizer bulk-blending plants	4	Do.	10,000
Soybean processing plant	1	Do.	250,000

Felco also had investments and patronage refund credits in other regional cooperatives totaling \$9,276,627 on September 30, 1969.

On September 30, 1969, Felco had 475 employees. Of these, 173 were engaged in general and administrative duties; 107 in manufacturing operations; and 195 in wholesale distribution, including warehousing and transportation.

FCX, Inc.

FCX, Inc., with headquarters in Raleigh, N.C., was organized on March 12, 1934, as Farmers Cooperative Exchange, Inc. Its name was changed in December 1965.

FCX is a centralized cooperative with farmers holding direct membership in it. Any farmer may become a member by acquiring one \$1 share of common stock and agreeing to comply with the bylaws. Each member has only one vote. On June 30, 1969, FCX had 49,053 members in North and South Carolina; with the exception of several member cooperatives, all were farmers. Approximately 85 percent of its production supply purchasing business was with farmer-patrons in fiscal 1969.

FCX has 15 directors elected at annual meetings, for staggered terms of 3 years. Eleven directors are nominated on a district basis by owners of FCX common stock. One director is nominated by the board of directors of the Carolinas Cotton Growers Association, one by the executive committee of the North Carolina Grange, and one by the executive committee of the North Carolina Farm Bureau Federation. One is a public director selected jointly by the North Carolina Commissioner of Agriculture, the Director of North Carolina Extension Service, and the President of Greater North Carolina University.

Supplies are distributed through 81 FCX-operated retail service stores, six affiliated independent cooperative associations, and 200 independent dealer-agencies. Approximately 75 percent of FCX's total supply volume moves through service stores; 5 percent through independent cooperatives; and 20 percent through dealer-agencies.

FCX's gross wholesale volume of supplies was \$58.5 million in fiscal 1969, with feed accounting for over half the amount (table 53). Sales of farm products for patrons totaled \$11.5 million (table 54).

Sales in fiscal 1968 included 236,477 tons of feed, 241,060 tons of fertilizer, and 21,825,000 gallons of refined fuels. In fiscal 1969, 269,583 tons of feed, 260,345 tons of fertilizer, and 26,844,750 gallons of refined fuels were sold.

Table 53.—Gross wholesale volume of supplies distributed by FCX, fiscal years ending June 30, 1968 and 1969

Commodity	1968	1969
<i>Dollars</i>		
Feeds and grains	26,012,517	29,900,051
Fertilizer	9,780,868	10,612,240
Seed	2,844,264	3,330,984
Petroleum products	3,263,713	4,031,655
Tires, tubes, and batteries	859,537	894,387
Building materials and paint	2,186,904	1,898,108
Livestock and poultry equipment	677,818	544,923
Electrical appliance	424,119	400,716
Sprays and dusts	3,116,467	3,287,283
Miscellaneous farm supplies ¹	4,191,919	3,638,700
Total²	53,358,126	58,539,047

¹ Includes hardware, grain bins, pumps, roofing, fencing, lawn mowers, shovels, and other tools.

² In addition, service revenue totaled \$1,048,094 in 1968 and \$1,174,299 in 1969.

Table 54.—Sales of farm products marketed by FCX, fiscal years ending June 30, 1968 and 1969

Commodity	1968	1969
<i>Dollars</i>		
Grains	8,791,748	6,674,373
Eggs and poultry	1,694,550	2,954,918
Fruits and vegetables-canned	2,183,412	1,965,326
Total	12,669,710	11,594,617

Gross combined volumes (wholesale and retail supply sales plus marketing sales) were \$91.3 million in fiscal 1968, \$101.4 million in fiscal 1969, and \$121.4 million in fiscal 1970. Gross and net sales of supplies by the FCX system in 1968 and 1969 are shown in table 55.

Net margins of the FCX system totaled about \$1.9 million in fiscal 1968 and \$1.6 million in 1969. Their distribution is shown in table 56. All net margins in both years were derived from supply operations.

FCX does not operate on a revolving capital basis, but redeemed \$125,153 of capital stock and debentures in fiscal 1968, and \$154,609 in fiscal 1969. The stock was redeemed upon request, and the debentures at maturity dates.

Table 55.—Gross and net sales of supplies by the FCX system, fiscal 1968 and 1969¹

Type of sales	1968	1969
	<i>Dollars</i>	
Gross wholesale sales	53,358,126	58,539,047
Less transfers from manufacturing plants to wholesale division to retail service stores	37,136,994	41,238,843
Net wholesale sales	16,221,132	17,300,204
Retail sales by FCX service stores	26,405,959	29,262,470
Net wholesale and retail sales	42,627,091	46,562,674

¹ Gross wholesale and marketing sales in 1970 totaled \$121,379,473.

Table 56.—Total net margins of FCX's wholesale, retail, and marketing system available to patrons, and their distribution, fiscal years ending June 30, 1968 and 1969¹

Distribution	1968	1969
	<i>Dollars</i>	
Income taxes	421,162	284,437
Cash dividends on capital stock	477,202	468,331
Patronage refunds in cash	319,093	274,905
Patronage refunds paid in capital stock and debentures	622,066	514,902
Additions to capital reserves	51,783	113,436
Total	1,891,306	1,656,011

¹ Net margins in fiscal 1970 totaled \$1,874,234.

Total net margins available for distribution to patrons of the combined FCX system since 1934 have been \$17,989,611. Of this amount,

FCX paid \$6,872,960 as cash dividends on capital stock, \$1,864,353 as cash patronage refunds, and \$7,820,922 as patronage refunds in capital stock debentures and equity certificates; and retained the remaining \$1,431,376 for capital as general reserves.

The financial condition, net worth, and principal facilities of FCX for fiscal 1968 and 1969 are shown in tables 57-59.

Table 57.—Condensed balance sheet of FCX, fiscal years ending June 30, 1968 and 1969¹

Item	1968	1969
	<i>Dollars</i>	
Assets:		
Current	24,391,861	26,418,629
Fixed (net)	10,333,746	11,490,923
Other	3,292,738	4,197,341
Total	38,018,345	42,106,893
Liabilities and net worth:		
Current liabilities	11,169,825	14,261,508
Other liabilities	9,091,071	9,497,034
Subordinated and other debentures ²	4,314,778	4,420,244
Capital stock and other members' equities	13,442,671	13,928,107
Total	38,018,345	42,106,893

¹ Total assets on June 30, 1970 were \$47,416,856; net worth was \$14,759,236.

² Mostly investment debentures—6 percent, 1963-78 series.

Table 58.—Capital stock and other members' and patrons' equities of FCX, June 30, 1969

Item	Amount
	<i>Dollars</i>
Common capital stock	198,368
Preferred capital stock	8,975,803
Patronage refund credits on Class D preferred stock	378,080
Patrons' equities allocated	2,832,629
Capital reserves (for self-insurance and working capital)	1,543,227
Total	13,928,107

FCX's investment in federations of regional cooperatives that operated manufacturing and wholesale facilities amounted to \$1,845,969 on June 30, 1969.

Table 59.—Type and capacity of principal facilities owned by FCX, June 30, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Regional—general, wholesale and manufacturing:			
Farm supply warehouses	3	Sq. ft.	150,000
Feed mills	3	Tons	155,000
Fertilizer mixing plants	2	Do.	100,000
Seed cleaning plants	3	Lb.	3,000,000
Regional—marketing:			
Canning plant	1	Cases	525,000
Grain elevators	5	Bu.	1,002,000
Egg marketing plants	2	Cases	230,000
Local—retail and marketing:			
Farm supply stores	48	--	--
Bulk petroleum plants	16	--	--

The FCX system had 1,419 employees on June 30, 1969. Of these, 350 were engaged primarily in general and administrative activities; 250 in supply manufacturing and seed processing; 230 in wholesale distribution, including warehousing and transportation; 479 in retail distribution; and 110 in processing and marketing farm products.

Western Farmers Association

Western Farmers Association (WFA), with headquarters in Seattle, Wash., was organized in February 1917 as the Washington Cooperative Egg and Poultry Association. Its name was changed in February 1945 to Washington Cooperative Farmers Association when it broadened its membership requirements and scope of services. In February 1960, its name was changed again to Western Farmers Association when it extended its services to Oregon farmers.

The Association is a centralized cooperative with farmers directly holding membership in it. On December 31, 1969, it had 29,213 farmer-members located throughout Washington, western Oregon, and northern Idaho. It also served a substantial number of nonfarm rural patrons, including associate members who formerly were bonafide members of the Association.

Anyone engaged in producing farm products in commercial quantities may become a member by paying \$1 for a subscription to *Western*

Farmer, the membership publication of the Association. Each member has only one vote. Those wishing to market products through the Association must sign marketing agreements covering the specified commodities marketed. The Association has 16 directors elected by districts for staggered terms of 3 years.

Patrons are served through 35 branches and 12 dealers located throughout Washington, seven branches and four dealers in Oregon, and three branches in Idaho.

All branches and dealers handle poultry and poultry products, feed, and general farm supplies. Only 10 have petroleum-bulk plants, but in the areas of the other branches, oil products are delivered to farmers by the Association's tank trucks direct from its suppliers' bulk plants. LP gas storage tanks are located at eight branches.

In 1967, WFA established an affiliated non-profit organization—WFA Farm Financing Association—to serve the expanding capital needs of farmers—for both their seasonal production requirements and their facility improvements. On December 31, 1969, it had secured accounts receivable from patrons totaling \$11,310,595.

WFA is an integrated organization which processes a large number of the products it markets and the supplies it distributes to members. Its sales of supplies and farm products are shown in tables 60 and 61.

Sales in 1968 included 389,721 tons of feed; 55,508 tons of fertilizer; and 44,367,648 gallons of refined fuels. Sales in 1969 included

Table 60.—Retail sales of supplies and equipment to patrons by WFA, years ending December 31, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Bulk-delivered supplies:		
Feed	26,104,673	26,747,616
Fertilizer	3,822,102	3,727,605
Petroleum products	10,621,734	10,757,518
Other farm supplies and equipment ²	1,766,696	2,197,665
Farm store merchandise ³	12,988,809	13,740,888
Total	55,304,014	57,171,292

¹ Sales in 1970 totaled \$56,855,278.

² Poultry and general equipment represented about 30 percent, building materials 60 percent, and miscellaneous items 10 percent.

³ Includes feed, seed, fertilizer, and other farm supplies sold through farm service stores.

386,278 tons of feed, of which 328,914 tons were delivered in bulk by 45 trucks; 55,381 tons of fertilizer; and 44,396,147 gallons of refined fuels.

The Association was originally formed as an egg and poultry marketing association, which is still one of its major functions. Sales of these products and of others in fiscal 1968 and 1969 are shown in table 61.

Table 61.—Value of farm products marketed by WFA, 1968 and 1969¹

Product	1968	1969
<i>Dollars</i>		
Eggs and egg products	10,404,191	12,068,575
Dressed poultry	16,018,859	17,338,114
Dressed turkeys	3,371,859	4,221,204
Canned poultry and turkey	3,040,485	4,733,224
Seed	1,924,209	3,896,988
Edible beans	270,076	427,384
Grain	7,923,281	7,372,083
Vegetables	6,032,247	8,212,006
Potatoes	14,933,743	20,970,147
Total	63,918,950	79,239,725

¹ In 1970, sales totaled \$80,159,274.

WFA realized net margins of about \$3.7 million in 1968 and 1969 (table 62). Most of these net margins each year came from supply operations.

WFA declares separate rates of extra payments on a patronage basis in various marketing departments, and separate patronage refund rates in its feed and other supply departments.

Table 62.—Net margins available to patrons and their distribution by WFA, 1968 and 1969¹

Distribution of net margins	1968	1969
<i>Dollars</i>		
Interest on "finance fund" certificates	1,364,804	1,440,684
Extra payments on marketing and patronage refunds on purchasing—		
Issued as "finance fund" certificates	1,836,915	1,820,350
Paid in cash	459,229	455,087
Additions to rotating reserve fund	53,300	24,567
Total	3,714,248	3,740,688

¹ Net margins in 1970 were \$(-10,246,769).

In January 1969, the Association retired all its 1962 series of finance fund certificates in the amount of \$3,239,398. In January 1970, it did not retire any of these certificates. It also retired rotating reserves totaling \$69,231 in January 1969, and \$52,337 in January 1970. The Association is revolving both the finance fund certificates and the rotating reserves on an 8-year basis.

The financial condition, net worth, and principal facilities of WFA are shown in tables 63-65.

On December 31, 1969, WFA also had \$5,808,042 invested in federations of regional cooperatives operating various manufacturing and wholesaling facilities.

WFA had 2,019 employees on December 31, 1969. Of these, approximately 290 were engaged in general office and administrative work; 400 in central feed and supply warehousing and delivery operations; 944 in central marketing and processing (egg candling, poultry and turkey processing, seed, bean, potato, and grain plants); and 385 in local marketing, feed, and supply activities.

Table 63.—Condensed balance sheet of WFA,
December 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	40,921,956	46,058,105
Fixed (net)	27,345,447	29,832,476
Other	4,017,408	5,857,495
Total	72,284,811	81,748,076
Liabilities and net worth:		
Current liabilities	27,802,197	28,506,148
Other liabilities	12,026,150	19,743,150
Net worth (finance fund, reserve funds, and undistributed operating margins)	32,456,464	33,498,778
Total	72,284,811	81,748,076

¹ On December 31, 1970, total assets were \$84,056,084, and net worth was \$20,620,703.

Table 64.—Net worth or members' and patrons' equities of WFA, December 31, 1969

Item	Amount
<i>Dollars</i>	
Finance funds	28,339,357
Reserves from prior years—unallocated	3,351,851
Undistributed operating margins—current year	1,807,570
Total	33,498,778

Table 65.—Types and capacities of principal facilities owned by WFA, December 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
General:			
Central garage	1	--	--
Research farm	2	--	--
Supplies:			
Central warehouse	1	Sq. ft.	47,000
Feed mills	8	Tons	389,000
Feed transfer stations (bulk)	3	Do.	60,000
Fertilizer plants (bulk)	16	Do.	41,800
Fertilizer plants (liquid)	20	Do.	16,000
LP gas distributing plants (storage)	8	Gal.	246,000
Retail petroleum plants	10	--	--
Retail branch service stores	61	--	--
Marketing:			
Egg candling units	6	Cases	1,100,000
Canning kitchen	1	Lb.	4,700,000
Poultry and turkey processing plants	4	Do.	55,600,000
Bean processing plant	1	Do.	4,700,000
Grain receiving units (storage)	46	Bu.	55,600,000
Seed plants	4	Lb.	9,450,000
Food processing plants	6	Cwt.	3,755,000

The Farm Bureau Cooperative Association, Inc.

(Landmark, Inc., as of 1971)

The Farm Bureau Cooperative Association, Inc. (FBCA), with headquarters in Columbus, Ohio, was organized in its present form on July 31, 1933. It is commonly referred to as Landmark—its brand name—and as of early 1971, its legal name.

On December 31, 1969, FBCA was serving 68 member associations with 202 distributing points in Ohio. These cooperative outlets served about 94,000 members, of which about 100 percent were farmers. Volume of business with farmers constituted about 85 percent of the total supply business of these associations. Twenty-nine of the member associations were under management and financing agreements with FBCA.

Membership in FBCA is obtained by purchasing a \$25 share of common stock and agreeing to the provisions of the bylaws. Each share of common stock has one vote. The common stock is held by the local cooperatives and the Ohio Farm Bureau Federation, with the latter owning a majority of the total. Preferred stock is used for financing purposes and carries no vote.

The same board of 26 directors governs both the Ohio Farm Bureau Federation and FBCA, and they are elected by districts for staggered terms of 3 years. The local cooperatives, in which any farmer is eligible for membership, are independent of the county Farm Bureaus.

On December 31, 1969, FBCA had five wholly or majority-owned subsidiaries; their operations were consolidated with the parent organization in this report. The principal ones were: (1) Farm Bureau Agricultural Credit Corporation, which makes loans to local cooperatives and to farmers for production purposes; (2) Pioneer Company; (3) Landmark Foods, Inc.; (4) Gold Star Feeds, Inc.; and (5) Landmark Farm Supply Co.

Sales of supplies and farm products of FBCA and its subsidiaries in 1968 and 1969 are shown in tables 66 and 67.

Table 66.—Sales of supplies by FBCA and its subsidiaries, business years ending December 31, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Feed	21,176,466	20,530,069
Seed and fertilizer	12,017,537	10,744,297
Petroleum	15,805,045	17,480,178
General farm supplies	6,991,256	7,399,990
Total	55,990,304	56,154,534

¹ Sales in 1970 were \$64,403,630.

Sales in 1968 included 237,727 tons of feed, 170,180 tons of fertilizer, and 110,904,000 gallons of refined fuels. In 1969, sales included 223,510 tons of feed, 163,379 tons of fertilizer, and 117,131,000 gallons of refined fuels.

Table 67.—Sales of farm products marketed through FBCA and its subsidiaries, years ending December 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Grain	38,520,889	38,913,714
Alfalfa	24,972	31,352
Eggs	10,096,026	17,668,543
Total	48,641,887	56,613,609

¹ Sales in 1970 were \$68,464,622.

Net margins totaled about \$1.8 million in 1968, and \$1.2 million in 1969 (table 68). Approximately 82 percent of these margins in 1968, and 95 percent of those in 1969, were derived from supply operations.

Table 68.—Net margins available to patrons and shareholders and their distribution by FBCA and its subsidiaries, years ending December 31, 1968 and 1969¹

Distribution of net margins	1968	1969
<i>Dollars</i>		
Cash dividends on capital stock	382,671	528,277
Patronage refunds in:		
Cash or equivalent	494,688	320,323
Securities	445,070	196,799
Additions to capital reserves	164,536	180,655
Total	1,486,965	1,226,054

¹ Net margins in 1970 were \$1,759,124.

The Association did not retire any securities in 1968; in 1969, it retired \$519,200 of securities originally issued in payment of patronage refunds under its revolving capital plan. As of December 31, 1969, it had retired all such securities issued through 1966.

Total net margins available to patrons and shareholders since organization in 1933 have been \$35,478,000. Of this amount, the Association paid \$8,955,000 as cash dividends on capital stock, \$7,148,000 as cash patronage refunds, and \$15,811,000 as patronage refunds in securities, and retained the remaining \$3,564,000 as operating capital reserves and surplus.

The total amount of patronage refund securities revolved out or retired since 1933 has been \$7,977,000.

The financial position, net worth, and principal facilities of FBCA and its subsidiaries for 1968 and 1969 are shown in tables 69-71.

Approximately 36 percent of the total capital stock and certificates of ownership represents retained patronage refunds; the remaining 64 percent was sold to member associations and others.

On December 31, 1969, FBCA and its subsidiaries also had investments of \$3,885,464 in federations of regional cooperatives that

Table 69.—Condensed balance sheet of FBCA and its subsidiaries, December 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	29,694,061	30,752,741
Fixed (net)	16,147,238	16,759,703
Other	7,126,081	7,497,440
Total	52,967,380	55,009,884
Liabilities and net worth:		
Current liabilities	14,422,523	15,752,412
Debentures	17,701,229	17,738,404
Other liabilities	3,066,307	2,285,497
Net worth (capital and reserves)	17,777,321	19,233,571
Total	52,967,380	55,009,884

¹Total assets on December 31, 1970 were \$61,422,115; net worth was \$20,014,950.

Table 70.—Net worth or shareholders' and patrons' equities of FBCA and its subsidiaries, December 31, 1969

Item	Amount
<i>Dollars</i>	
First preferred stock	3,033,950
Class A common stock	18,100
Class C common stock	2,298,050
Class C/L common stock	4,374,780
Class D common stock	959,750
Certificates of ownership	4,450,388
Allocated operating capital reserve	2,279,612
General reserves and unallocated surplus	1,818,941
Total	19,233,571

Table 71.—Type and capacity of principal facilities owned by FBCA and its subsidiaries, December 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Supplies:			
Wholesale farm supply warehouse	1	Sq. ft.	76,000
Feed mills	3	Tons	220,000
Fertilizer manufacturing plant	1	Do.	70,000
Seed corn processing plant	1	Bu.	100,000
Marketing:			
Terminal grain elevators	5	Do.	8,400,000
Alfalfa dehydrating plants	2	Tons	10,000
Egg marketing plants	7	Cases	1,200,000

owned manufacturing and wholesaling facilities. In addition, it had \$3,761,062 invested in subsidiaries, county Farm Bureau associations, banks for cooperatives, and other companies and organization.

FBCA and its subsidiaries had 954 employees on December 31, 1969. Of these, 254 were engaged in general and administrative activities; 296 in manufacturing and processing operations; 258 in wholesale distribution, including warehousing and transportation; 97 in retail distribution; and 49 in marketing farm products.

Note: The material on this association, when given, was based in whole or in part on estimates believed to be accurate for purposes of this report.

Tennessee Farmers Cooperative

Tennessee Farmers Cooperative (TFC), La Verge, Tenn., was organized on September 27, 1945. On July 31, 1969, it was serving 86 member cooperatives in Tennessee, which in turn were serving about 70,000 members—100 percent of whom were farmers. It also served one nonmember cooperative. Ten of the local associations were under management and financing arrangements with TFC.

Membership in TFC is obtained by purchasing a \$100 share of common stock and agreeing to provisions of the bylaws. Each member association has only one vote. TFC has eight directors—seven elected by districts for staggered terms of 3 years, and one public director elected by the seven.

TFC is independent of the Tennessee Farm Bureau Federation, but a director may serve on the board of directors of both organizations. The same relationship exists among the county cooperatives and county farm bureaus.

TFC has two wholly owned subsidiaries—Farmers Credit Service, set up in 1962 to collect old accounts for member associations and help them upgrade credit procedures; and TFC Marketing Service, Inc., set up in 1966, to market grain and other products for members.

The types and volume of supplies sold and net margins of TFC for fiscal 1968 and 1969 are shown in tables 72 and 73.

Table 72.—Sales of supplies at wholesale by TFC and its subsidiaries, fiscal years ending July 31, 1968 and 1969¹

Commodity	1968	1969
	<i>Dollars</i>	
Feed	18,113,467	19,927,000
Fertilizer	14,602,661	13,744,000
Seed	4,533,039	4,842,000
Hardware/building supplies and general farm supplies	5,891,987	6,670,942
Petroleum products, tires, auto supplies	6,910,765	7,891,000
Agricultural chemicals	2,607,382	2,753,000
Total	52,659,301	55,827,942

¹Supply sales for the fiscal year ending July 31, 1970 totaled \$2,782,945.

Sales in fiscal 1968 included 182,730 tons of feed, 242,478 tons of fertilizer, and 7,750,000 gallons of refined fuels. Volume in fiscal 1969 included 257,118 tons of feed, 247,219 tons of fertilizer, and 14,324,912 gallons of refined fuels.

Table 73.—Net margins and their distribution by TFC and its subsidiaries, fiscal 1968 and 1969¹

Distribution of net margins	1968	1969
	<i>Dollars</i>	
Cash dividends on capital stock	587,513	761,663
Patronage refunds in cash:		
Purchasing	310,000	360,143
Marketing	0	0
Patronage refunds paid in debentures bonds	830,000	1,000,510
Additions to allocated reserves	368,967	381,589
Additions to general reserves (tax-paid surplus)	0	41,279
Federal income taxes	3,398	4,795
Total	2,099,878	2,549,979

¹Net margins in fiscal 1970 were \$2,813,909.

In April 1961, TFC acquired a grain elevator and began providing a marketing service—principally for wheat and soybeans. On August 1, 1966, the marketing division assets, net of liabilities, were transferred to a subsidiary, TFC Marketing Service, Inc. This association had sales of \$14,183,764 in fiscal 1968,

\$12,263,121 in 1969, and \$13,027,900 in fiscal 1970. Its net margins totaled \$53,882 in fiscal 1968, \$216,217 in fiscal 1969, and \$50,343 in 1970.

In addition to net margins available to patrons at the end of fiscal 1968, TFC paid out \$2,905,500 in cash during the year to the county cooperatives on special performance programs. The amount of such incentive payments in 1969 was \$1,875,566.

TFC has operated on a revolving capital plan which has not been under a firm advance commitment. Allocated reserves are now revolved on a 5-year basis, and preferred stock on a 10-year basis. In fiscal 1968, TFC paid back \$100,450 of allocated reserves for 1963, and recalled \$569,420 of preferred stock issued in 1958. In 1969, it paid back \$120,491 of allocated reserves for 1963, and recalled \$442,920 of preferred stock issued in 1958. Holders of recalled stock were given the option of reinvesting in 1968 and 1969 preferred stock, and substantial amounts were so invested.

Net margins available for patrons since organization in 1945 have totaled \$18,550,560. Of this amount, the cooperative paid \$4,801,040 as cash dividends on capital stock, \$3,037,118 in cash patronage refunds, and \$8,524,260 as patronage refunds in capital stock and debentures, and retained \$2,188,142 as patrons' allocated reserves.

TFC has retired member equities totaling \$1,927,044 since organizing. In addition, it has paid a considerable amount of incentive payments to local cooperatives under special performance programs.

The financial condition, net worth, and principal facilities of TFC and its subsidiaries on July 31, 1968 and 1969 are shown in tables 74-76.

On July 31, 1969, TFC also had \$5,534,804 invested in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

TFC had 527 employees on July 31, 1969. Of this number, 186 were engaged in general and administrative activities; 253 in manufacturing or processing supplies; 64 in wholesale distribution, including warehousing and transportation; and 24 in marketing farm products.

Table 74.—Condensed balance sheet of TFC and its subsidiaries, fiscal years ending July 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	9,693,133	10,142,527
Fixed (net)	8,512,576	8,342,424
Other	4,753,214	5,943,692
Total	<u>22,958,923</u>	<u>24,428,643</u>
Liabilities and net worth:		
Current liabilities	5,452,707	5,870,974
Other liabilities	4,768,895	4,224,502
Net worth or members' and patrons' equities	<u>12,737,321</u>	<u>14,333,167</u>
Total	<u>22,958,923</u>	<u>24,428,643</u>

¹ Total assets on July 31, 1970 were \$27,234,402; net worth was \$14,893,324.

Table 75.—Net worth or members' and patrons' equities of TFC and its subsidiaries, July 31, 1969

Item	Amount
<i>Dollars</i>	
Preferred stock @ \$10 par value ¹	11,085,080
Common stock @ \$100 par value	8,600
Patrons' allocated reserves	1,451,171
Unallocated current net margins	<u>1,788,316</u>
Total	<u>14,333,167</u>

¹ On July 31, 1969, about 69 percent of TFC's preferred stock represented patronage refunds; the remaining 31 percent had been sold to member associations and others.

Table 76.—Type and capacity of principal facilities owned by TFC and its subsidiaries, July 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Tennessee Farmers Cooperative:			
Warehouses	3	Sq. ft.	303,942
Fertilizer plants	5	Tons	300,000
Seed plants	4	Lb.	50,000,000
Feed mills	3	Tons	300,000
Tire recapping plant	1	Tires	50,000
TFC Marketing Service, Inc.:			
Grain elevators	23	Bu.	2,000,000

Land O' Lakes Creameries, Inc.

(Land O' Lakes, Inc., as of 1970)

Land O' Lakes Creameries, Inc., with headquarters in Minneapolis, Minn., was organized in 1921. It serves farmers in Minnesota, Wisconsin, North Dakota, South Dakota, and Iowa. On December 31, 1969, common stock in Land O' Lakes, which is a federated-centralized organization, was held by 410 local-member dairy marketing and supply associations and 4,526 individual farmer-members. The local associations have approximately 65,000 members, of which about 100 percent are farmers.

Land O' Lakes also provides supplies through 83 private dealer-agents, and four Land O' Lakes-owned retail branch outlets.

Class A common stock with a par value of \$25 a share may be held only by cooperatives who have been given membership by authority of the board of directors. The holder has one vote plus additional votes based on its dollar volume of business.

Class B common stock, with a par value \$1 a share, is only issued to and held by individual producers of agricultural products. Each holder has only one vote.

Land O' Lakes had a total of 20 directors on December 31, 1969. Of these, 18 were "district directors" elected by geographical districts for terms of 3 years. The number of such districts is determined by the stockholders at the annual stockholders' meeting. One director was an "association director." A corporate stockholder having more than 2,500 bona fide stockholders, or whose stockholders are composed of 15 or more cooperatives, may have one "association director" on the Land O' Lakes board. The remaining director was appointed by the Minnesota Commissioner of Agriculture, Dairy, and Food.

Feed, seed, fertilizer, pesticides, poultry, and general farm supplies are handled by the Agricultural Services Division. Plant and farm equipment is handled by the Equipment Sales Division. Sales of these divisions, at wholesale, in years ending December 31, 1968 and 1969, are shown in table 77. These sales included 164,466 tons of feed and 120,000 tons of fertilizer in 1968, and 156,440 tons of feed and 138,700 tons of fertilizer in 1969.

Table 77.—Farm production supplies, poult, and equipment distributed at wholesale by Land O' Lakes, years ending December 31, 1968 and 1969¹

Commodity	1968	1969
	<i>Dollars</i>	
Feed	18,930,410	21,079,465
Fertilizer	4,820,372	4,679,207
Seed	1,213,603	1,078,634
Pesticides	1,271,998	1,361,864
General farm supplies	412,327	325,612
Poult	894,574	878,984
Subtotal	<u>27,543,284</u>	<u>29,403,766</u>
Equipment (mostly dairy plant)	5,207,587	5,466,441
Total	<u>32,750,871</u>	<u>34,870,207</u>

¹ Sales of production supplies (exclusive of equipment) in 1970 totaled \$133.5 million as a result of the merger of Land O' Lakes and Farmers Regional Cooperative.

Retail supply sales by Land O' Lakes branch outlets totaled \$822,864 in 1968, and \$804,228 in 1969.

Net margins of the Agricultural Services Division were \$1,894,100 in 1968, and \$2,490,400 in 1969. Net margins of the Equipment Sales Division were \$142,600 in 1968, and \$265,400 in 1969.

The principal supply facilities and their annual capacities are shown in table 78.

Table 78.—Type and capacity of facilities owned by Land O' Lakes, December 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Feed mills	2	Tons	200,000
Seed plant	1	--	--
Experimental farm	1	--	--
Equipment warehouses	2	Sq. ft.	62,000
Retail branches	4	--	--

The principal business of Land O' Lakes is processing and marketing dairy and other farm products. Its sales of all farm products totaled \$336,557,200 in 1968, and \$359,089,100 in 1969.

Pacific Supply Cooperative

Pacific Supply Cooperative, commonly known as Pacific or Pacific Cooperatives, with headquarters at Portland, Oreg., was organized December 10, 1933. On June 30, 1969, it had 94 member associations located mainly in Oregon, Washington, and Idaho, with a few in northern California, western Montana, and Utah. Members of these associations numbered about 50,000 of whom 100 percent were farmers. It also served 25 nonmember associations.

In addition, Pacific operated two retail petroleum plants and six local seed and grain plants with about 3,500 farmer-patrons. Of the local cooperatives served, 17 were under management or supervision agreements with Pacific.

In November 1969, Pacific amended its articles and bylaws to provide for both individual producers and cooperatives to be members. A member cooperative must purchase a minimum of 100 shares of Class A common stock at \$10 a share. An individual producer must purchase one share of Class A common stock at \$10 a share. Also, each member cooperative must purchase additional Class A stock annually in an amount equal to 20 percent of annual net margins allocated to it by Pacific until it owns \$10,000 of such stock.

Each member cooperative appoints a voting delegate who is entitled to one vote plus one vote for each \$100,000, or part thereof, in purchases from Pacific, plus one vote for each \$100,000, or part thereof, of Pacific's capital reserve certificates and recorded credits; provided that no member shall be entitled to more than five votes on the basis of such purchases and to more than five votes on the basis of holdings of such reserve certificates and recorded credits.

Individual producer members are organized into Producers Groups and each Group elects a voting delegate who is entitled to vote on the same basis of purchases and equity holdings as that described for member cooperatives.

The bylaws were amended to provide for eight directors, with seven elected by districts for staggered terms of 3 years. One director is elected at large for a term of 3 years.

Pacific also has an Advisory Committee of 10 members appointed by the chairman of the board of directors, with the advice and consent of the board.

Pacific has one wholly owned subsidiary—Pacific Agricultural Credit Corporation, set up in 1965 to provide production loans to commercial farm operators in the Northwest. Loans outstanding on June 30, 1969 totaled \$4,492,474. Its operations are not consolidated in statements of Pacific.

Pacific's sales of farm and home supplies to patrons and of farm products marketed for patrons are shown in tables 79 and 80.

Table 79.—Supplies distributed at wholesale by Pacific, fiscal years ending June 30, 1968 and 1969¹

Commodity	1968	1969
	<i>Dollars</i>	
Feed and grain	1,909,894	1,980,529
Fertilizer	13,250,088	11,261,810
Seed	2,694,063	2,992,777
Gas, oil grease, and fuel oil	7,193,698	7,460,891
Tires, tubes, and other automotive supplies	1,568,335	1,701,510
Insecticides and chemicals	3,302,450	3,568,428
Hardware and farm mechanical items ²	3,918,121	3,656,327
Miscellaneous supplies	0	574,362
Subtotal	<u>33,836,649</u>	<u>33,196,634</u>
Service revenue	115,102	86,924
Transportation revenue	676,528	701,465
Total	<u>34,628,279</u>	<u>33,985,023</u>

¹ Sales of supplies in fiscal 1970 totaled \$30,625,258.

² Includes lumber, paint, steel products, general farm equipment, home appliances, and irrigation equipment.

Wholesale volume in fiscal 1968 included 249,373 tons of fertilizer and 54,722,682 gallons of refined fuels. Sales in fiscal 1969 included 235,744 tons of fertilizer and 58,755,825 gallons of fuels.

Retail sales of farm supplies by Pacific's local petroleum and seed plants and grain elevators totaled \$2,879,328 in fiscal 1968, and \$5,336,317 in 1969.

Total net margins and their distribution during 1968 and 1969 are shown in table 81. Approximately 100 percent of the net margins

Table 80.—Sales of farm products marketed by Pacific, fiscal 1968 and 1969¹

Commodity	1968	1969
	<i>Dollars</i>	
Seed	2,595,205	2,673,666
Grain	3,786,599	1,928,674
Total	<u>6,381,804</u>	<u>4,602,340</u>

¹ Gross sales of farm products were \$13,205,966 in 1970, and \$12,545,816 in 1969.

in both fiscal 1968 and 1969 were derived from supply operations. The remaining percentages were realized from marketing operations.

Table 81.—Net margins available to patrons and their distribution by Pacific, fiscal 1968 and 1969¹

Distribution of net margins ²	1968	1969
	<i>Dollars</i>	
Cash dividends on preferred stock and interest on capital reserve and refinery revolving certificates	189,569	188,397
Patronage refunds paid in:		
Cash or equivalent	454,693	275,507
Capital reserve certificates	804,955	646,314
Common stock and credits	269,920	7,368
Loss allocated to contract members	0	(55,606)
Undistributed earnings of wholly owned subsidiary	19,203	10,525
Total	<u>1,738,340</u>	<u>1,072,505</u>

¹ Net margins in fiscal 1970 were \$664,508.

² Before payment of dividends on stock and interest on other certificates.

In fiscal 1968, the association retired \$408,538 of capital reserve certificates originally issued as patronage refunds. In fiscal 1969, it retired none. Under its revolving capital plan, the association now has retired all such certificates through 1949.

Total net savings available to patrons, before dividends on capital stock and interest on capital reserve certificates, since organizing in

1933 and through June 30, 1969, have been \$20,499,112. They were distributed as follows: Cash dividends on capital stock and interest on capital reserve certificates, \$2,520,150; cash patronage refunds and capital reserve certificates, \$14,091,928; patronage refunds issued as common capital stock and stock credits, \$2,701,886; general reserves, \$533,334; and undivided net margins, \$651,814.

Cash refunds paid and capital reserve certificates retired or adjusted since organizing have totaled \$5,779,622, leaving \$8,292,306 of such certificates outstanding and to be revolved.

The financial position, net worth, and principal facilities of Pacific are shown in tables 82-84.

Table 82.—Condensed balance sheet of Pacific, June 30, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	15,191,159	14,999,346
Fixed (net)	6,054,864	6,810,083
Other assets and investments	3,318,522	4,479,148
Total	24,564,545	26,288,577
Liabilities and net worth:		
Current liabilities	8,010,901	8,370,656
Other liabilities	2,354,132	3,012,109
Net worth or stockholders' and patrons' equities	14,199,512	14,905,812
Total	24,564,545	26,288,577

¹ Total assets on June 30, 1970 were \$30,070,258; net worth was \$12,202,733.

Table 83.—Member equity (capital accounts) of Pacific, June 30, 1969

Item	Amount
<i>Dollars</i>	
Preferred stock	2,977,475
Class A common stock	2,316,600
Class B common stock	272,000
Common stock credits	21,303
Capital reserve certificates outstanding for years 1950-68	8,292,306
Refinery revolving-fund certificates	229,690
Contract membership equity	114,897
Undistributed earnings of wholly owned subsidiary	29,728
Undivided margins, to be allocated	651,813
Total	14,905,812

On June 30, 1969, Pacific also had an investment of \$357,103 in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

Pacific had 314 employees on June 30, 1969. Of these, 121 were engaged in general administrative activities, including warehousing and transportation; 101 in retailing; and 17 in marketing farm products.

M.F.A. Milling Company

M.F.A. Milling Company, with headquarters in Springfield, Mo., was organized in 1923 and reorganized on its present basis in 1929. On June 30, 1969, it was serving 125 local M.F.A.

Table 84.—Type and capacity of facilities and equipment owned by Pacific, June 30, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Wholesaling and manufacturing:			
Farm supply warehouses	2	--	--
Fertilizer warehouses	3	--	--
Wholesale seed plants	2	--	--
Liquid fertilizer plants (at locals)	30	Tons	1,485,800
Petroleum tank farm	1	Gal.	13,860,000
Retailing and marketing:			
Facilities leased to retail co-ops	28	--	--
Other facilities:			
Airplane	1	--	--

Exchanges (farmer-cooperatives) in Missouri which has approximately 100,000 farmer-members. In addition, it was supplying feed to 35 local cooperatives in Kansas, Arkansas, Mississippi, Louisiana, Oklahoma, and Texas, which had about 30,000 farmer-members. None of the local exchanges or cooperatives are under management or supervision agreements with the M.F.A. Milling Company.

M.F.A. Milling Company, the largest regional supply association affiliated with the Missouri Farmers Association, Columbia, Mo., is owned by local M.F.A. exchanges in southern Missouri. Each member-exchange has only one vote. The M.F.A. Milling Company is organized on a nonstock, nonprofit plan and is financed by member-partons' equities.

A local M.F.A. exchange may obtain membership in the M.F.A. Milling Company by simply distributing its feeds. The local exchanges, in turn, are owned by the M.F.A. members they serve. A farmer may obtain membership in a local M.F.A. exchange by making \$25 worth of purchases from it.

The State board of directors of the Missouri Farmers Association constitutes the Class A membership of the M.F.A. Milling Company, and names six of its directors to the 12-man board of directors of the milling company for a 1-year term. The local M.F.A. exchanges served by the M.F.A. Milling Company constitute its Class B membership. They elect six of its directors, by districts, for a 1-year term.

M.F.A. Milling Company's principal function is to mill feed for its members (table 85). It manufactured 12,369,940 cwt. of feed in its fiscal year ending June 30, 1968, and 10,973,244 cwt. in year ending June 30, 1969.

Table 85.—Value of supplies distributed at wholesale by M.F.A. Milling Company, fiscal years ending June 30, 1968 and 1969¹

Commodity	1968	1969
	<i>Dollars</i>	
Feed	38,928,933	32,052,215
Seed	1,060,362	1,045,976
Total	39,989,295	33,098,191

¹ Sales in fiscal 1970 totaled \$36,371,174, and net savings were \$1,347,235.

Net savings of the company, from operations, were \$1,673,452 in fiscal 1968, and \$1,232,545 in fiscal 1969. Total net savings, from operations, July 1, 1935 through June 30, 1969, were \$29,643,104. Of this amount, the company paid \$22,599,483 as cash patronage refunds. The financial statement of M.F.A. Milling Company for fiscal years ending June 30, 1968 and 1969 is shown in table 86.

Table 86.—Condensed balance sheet of M.F.A. Milling Company, fiscal years ending June 30, 1968 and 1969¹

Item	1968	1969
	<i>Dollars</i>	
Assets:		
Current	5,858,718	5,415,061
Fixed (net)	2,432,658	2,269,402
Other	254,065	278,734
Total	8,545,441	7,963,197
Liabilities and net worth:		
Current liabilities	4,896,916	4,081,232
Other liabilities	2,000,000	1,600,000
Net worth	1,648,525	2,281,965
Total	8,545,441	7,963,197

¹ On June 30, 1970, total assets were \$7,704,508, and net worth was \$3,081,141.

The company's principal facilities consist of two feed mills with an annual maximum rated capacity of 1 million tons; however, the most practical capacity is 750,000 tons. It also has one seed plant with an annual capacity of 10 million pounds.

M.F.A. Milling Company, on June 30, 1969, had 346 employees—225 in Springfield, and 121 in Aurora. Of these, 45 were engaged in general administrative activities, 271 in manufacturing and processing operations, and 30 in wholesale distribution and field service work.

Farm Bureau Services, Inc.

Farm Bureau Services, Inc. (FBS), with headquarters at Lansing, Mich., was organized on October 25, 1929, to provide a cooperative wholesale supply service for farmer cooperatives in Michigan.

On June 30, 1969, FBS had 101 member associations with about 35,000 members, of

which about 90 percent were farmers. It also served 130 nonmember associations (patronage agreement dealers), 50 private dealers, and 23 FBS branch retail outlets—which combined had approximately 15,000 members. FBS managed 20 of the member associations under management contracts and business service agreements.

Farm Bureau Services, Inc., is both a federated and a centralized cooperative. Local farmer cooperatives may become members by acquiring 100 shares of Class A common stock, with a par value of \$1 a share, and agreeing to comply with the bylaws. Each share carries one vote. Michigan Farm Bureau Federation holds a majority of the outstanding shares. Membership in the local cooperatives, however, is not limited to Farm Bureau members.

Individual farmers who are served primarily by retail branches or dealer-agents of FBS may become members of it by acquiring one share of common stock at \$1 par value, or signing a membership agreement if annual purchases of supplies exceed \$200. This stock also has voting rights. There were approximately 16,000 of these members on June 30, 1969.

The board of 13 directors of Farm Bureau Services, Inc., is made up of seven members of the Michigan Farm Bureau board and six members elected at large by local member cooperatives. Term of office is 1 year.

FBS performs both wholesale and retail supply services and markets farm products. On November 1, 1962, Michigan Elevator Exchange, a grain and bean marketing cooperative, became a division of Farm Bureau Services. More than 90 percent of its members were also members of FBS.

Sales of supplies at wholesale and sales of farm products for fiscal 1968 and 1969 are shown in tables 87 and 88. Sales in fiscal 1968 included 84,430 tons of feed, and 110,995 tons of fertilizer. Sales in fiscal 1969 included 95,636 tons of feed, and 98,214 tons of fertilizer.

Retail sales of supplies by FBS's own retail stores amounted to \$10,226,000 in fiscal 1968, and \$12,616,000 in fiscal 1969. After eliminating transfers from wholesale to retail, total net supply sales of FBS were \$23,435,000 in fiscal 1968, and \$25,509,000 in 1969. Sales of

Table 87.—Sales of supplies at wholesale by FBS, fiscal years ending June 30, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Feed	7,501,000	8,314,000
Fertilizer	6,426,000	4,960,000
Seed	1,330,000	1,204,000
Insecticides	1,309,000	2,073,000
Steel products and general farm supplies and equipment	3,471,000	3,385,000
Total	20,037,000	19,936,000

¹ Farmers Petroleum Cooperative, Inc., Lansing, Mich., a separate corporation, is under the same management as Farm Bureau Services. Sales of supplies by FBS in fiscal 1970 totaled \$21,625,000.

Table 88.—Sales of farm products by FBS, fiscal years ending June 30, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Grain	25,063,000	23,841,000
Beans	11,260,000	12,503,000
Flour	3,849,000	2,640,000
Eggs	4,549,000	6,587,000
Poultry (pullets)	375,000	723,000
Cob processing	223,000	156,000
Total	45,319,000	46,450,000

¹ After eliminating intracompany transfers, sales in 1970 totaled about \$43 million.

grain and beans by FBS's own retail stores totaled \$5,475,000 in fiscal 1968, and \$4,331,000 in fiscal 1969.

Distribution of total net margins from all operations, in fiscal 1968 and 1969, after payment of interest on debentures and payment of Federal income taxes, is shown in table 89.

Table 89.—Distribution of net margins of FBS, fiscal 1968 and 1969¹

Distribution of net margins	1968	1969
<i>Dollars</i>		
Cash dividends on capital stock	87,220	86,446
Additions to capital reserves	(-4,620)	(-992,620)
Total	82,600	(-906,174)

¹ Net margins in 1970 were \$(-121,883).

In fiscal 1968 and 1969, FBS did not retire any stock or certificates originally issued in payment of patronage refunds. The association has retired all such stock or certificates through 1950 under its revolving capital plan.

Total net margins, after Federal income taxes, since organizing in 1929, have been \$5,656,165. Of this amount, the association has paid \$1,205,148 as cash dividends on capital stock; \$95,189 as cash patronage refunds; \$5,323,319 as patronage refunds in the form of capital stock and debentures; and carried the remaining (\$967,491) in general reserves. In addition, it has paid a substantial amount of interest on debentures—held mostly by members.

Since organization, FBS has retired a total of \$3,233,500 of capital stock and debentures under its revolving capital plan of financing.

The financial condition, net worth, and principal facilities of FBS are shown in tables 90-92.

On June 30, 1969, Farm Bureau Services also had \$2,332,700 invested in federations of regional cooperatives operating various manufacturing and wholesaling facilities.

FBS had 849 employees on June 30, 1969. Of these, 127 were engaged in general administrative work; 175 in supply manufacturing and processing; 51 in wholesaling, including warehousing and transportation; 324 in supply retailing; and 172 in marketing farm products.

Table 90.—Condensed balance sheet of FBS, fiscal years ending June 30, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	14,477,000	14,552,000
Fixed (net)	9,500,000	10,031,000
Other	2,789,000	3,516,000
Total	26,766,000	28,099,000
Liabilities and net worth:		
Current liabilities	7,633,000	8,716,000
Noncurrent liabilities	6,335,000	6,777,000
Debentures (15-year)	6,785,000	7,613,000
Capital stock and patrons' equities	6,013,000	4,993,000
Total	26,766,000	28,099,000

¹ Total assets on June 30, 1970 were \$28,469,372; net worth was \$4,787,244.

Table 91.—Capital stock and patrons' equities (net worth) of FBS, June 30, 1969

Item	Amount
<i>Dollars</i>	
Capital stock and credits:	
Class A common stock	82,081
Class A, AAA, and B preferred stock	3,333,120
Patrons' equities:	
Allocated patronage refunds	2,509,075
Reserve for operating capital	(967,491)
Contributed capital	36,267
Total	4,993,052

Table 92.—Type and capacity of principal facilities and equipment owned by FBS, June 30, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Wholesale:			
Farm supply warehouses	4	Sq. ft.	58,800
Feed mills	2	Tons	60,000
Fertilizer manufacturing plants	2	Do.	70,000
Fertilizer dry-blend plants	2	Do.	8,000
Regional marketing:			
Bean processing plant	1	Cwt.	600,000
Grain terminal elevators	3	Bu.	6,300,000
Grain plant and cob processing	1	Tons	10,000
Egg plants	2	Cases	440,000
Flour mill	1	Cwt.	468,750
Retail:			
Farm supply stores or warehouses	24	--	--

Farmers Petroleum Cooperative, Inc.

Farmers Petroleum Cooperative, Inc. (FPC), Lansing, Mich., organized on May 12, 1948, began operations on January 1, 1949. It was set up to handle the petroleum services which had been provided for many years by Farm Bureau Services, Inc.

On August 31, 1969, FPC had 35 local cooperatives and 9,206 individual farmers as members. These member cooperatives had approximately 17,500 members, of which about 80 percent were farmers. It had management contracts with five local cooperatives. FPC had 10 retail branches but did not serve any nonmember associations or private dealers-agents.

Any local cooperative or individual who purchases from FPC may become a stockholder by purchasing one share of Class C voting common stock (no par value) and \$50 or more of Class A nonvoting common stock, and agreeing to comply with the bylaws. Each share of Class C common stock has one vote, and the Michigan Farm Bureau Federation holds a majority of the outstanding shares. Membership in the local cooperatives, however, is not limited to Farm Bureau members.

FPC has nine directors, made up of five members of the Michigan Farm Bureau board, and four elected at large by local member cooperatives and individuals. Term of office is 1 year.

FPC sells petroleum and automotive supplies at wholesale to local co-ops, and retails such products through 10 FPC branches. These branches serve many individuals, but most of their refined fuel volume is delivered in large trucks from refinery or other storage terminals direct to farms of members.

Value of sales and net margins of FPC in fiscal 1968 and 1969 are shown in tables 93 and 94.

FPC does not operate on a revolving capital basis, but had 10-year debentures and capital stock due within 1 year totaling \$214,620 on August 31, 1968, and \$165,820 on August 31, 1969.

Table 93.—Net sales (part at wholesale and part at retail) by FPC, fiscal years ending August 31, 1968 and 1969¹

Commodity	1968	1969
	<i>Dollars</i>	
Liquid fuels and other merchandise (including tires, tubes, automotive supplies, and petroleum equipment)	8,738,206	8,974,424
Crude oil	1,187,902	1,049,630
Total	9,926,108	10,024,054

¹ In fiscal 1970, sales were \$10,650,770.

Table 94.—Distribution of net margins, after income taxes, of FPC, fiscal years ending August 31, 1968 and 1969¹

Distribution of net margins	1968	1969
	<i>Dollars</i>	
Cash dividends on capital stock	49,690	46,666
Cash dividends on deferred patronage refunds	35,034	37,958
Patronage refunds:		
Payable in cash	69,256	50,224
To be applied on conditional sales contracts	134,256	32,895
Payable in deferred patronage refunds	96,596	84,294
General reserve for operating capital	79,837	7,538
Total	395,413	259,575

¹ In 1970, net margins were \$296,016.

Total net savings of the association since beginning operations in 1949 have been \$6,433,866. Of this amount, the association has paid about \$1,110,673 of dividends in cash on capital stock and in deferred patronage refunds, about \$3,564,000 as cash patronage refunds, \$1,349,567 as patronage refund allocation credits, and placed \$409,626 in general reserves. In addition, the association has paid, as expenses, \$1,015,447 of interest on debentures held by members.

The financial position and net worth of FPC in fiscal 1968 and 1969 are shown in tables 95 and 96.

Table 95.—Condensed balance sheet of FPC, fiscal years ending August 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	1,600,579	1,708,703
Fixed (net)	3,611,468	3,838,815
Other	964,622	981,390
Total	6,176,669	6,528,908
Liabilities and net worth:		
Current liabilities	1,276,235	1,531,586
Noncurrent liabilities	498,662	679,183
Debentures (10-year)	1,782,040	1,597,860
Capital stock and patrons' equities	2,619,732	2,720,279
Total	6,176,669	6,528,908

¹ Total assets on August 31, 1970 were \$7,485,624, and net worth was \$2,712,563.

Table 96.—Capital stock and patrons' equities (net worth) of FPC, August 31, 1969

Item	Amount
<i>Dollars</i>	
Capital stock:	
Class A common, nonvoting	931,880
Class C common, voting	29,206
Patrons' equities:	
Deferred patronage refunds	1,349,567
Capital reserves	409,626
Total	2,720,279

On August 31, 1969, FPC also had \$101,186 invested in capital stock and patronage refund credits in other cooperatives operating manufacturing and wholesaling facilities.

FPC had 109 employees on August 31, 1969. Of these, 15 were engaged in general and administrative work; 91 in wholesale and retail distribution, including warehousing and transportation; and three in crude oil production, buying, and transportation.

Southern Farmers Association

Southern Farmers Association (SFA), with headquarters in North Little Rock, Ark., was organized in 1945. It was organized as the Arkansas Farm Bureau Cooperative, but is now independent of any farm organization in the State. On June 30, 1969, SFA served 73

local-member associations which operated 85 retail outlets, and seven nonmember local cooperatives. These outlets served about 30,000 members, 95 percent of whom were farmers. None of the member cooperatives were under management or supervision agreements with SFA.

Membership in SFA is limited to local cooperatives and is obtained by purchasing a \$100 share of common voting stock and agreeing to the provisions of the bylaws. Each member association has only one vote.

SFA has 14 directors. Of these, 12—or two from each of six districts—are elected for staggered terms of 3 years. In addition, one director is elected for a term of 1 year from the district purchasing the largest dollar volume from SFA during the preceding year, and one director is elected for 1 year who shall be the president of the managers' association.

Supplies sold at wholesale and net margins realized by SFA in fiscal 1968 and 1969 are shown in tables 97 and 98. Mixed feed volume was 81,600 tons in fiscal 1968 and 95,000 tons in 1969. Fertilizer volume was 83,000 tons in 1968, and 91,000 tons in 1969. Petroleum volume was 12,000,000 gallons in 1968 and 13,000,000 gallons in 1969.

The association did not retire, in cash or by application on receivables, any certificates of equity in 1968 and 1969 under a revolving capital plan. It has retired all such equities issued before 1953.

The financial condition, net worth, and facilities of Southern Farmers Association in fiscal 1968 and 1969 are shown in tables 99-101.

Table 97.—Wholesale value of supplies sold by SFA, fiscal years ending June 30, 1968 and 1969¹

Commodity	1968	1969
<i>Dollars</i>		
Feed (direct and warehouse)	5,519,243	6,300,000
Seed	1,534,830	1,900,000
Insecticides	2,273,687	2,900,000
Fertilizer	5,479,100	5,600,000
Petroleum products	1,986,143	2,000,000
TBA items	1,479,571	2,000,000
General farm supplies	1,980,822	2,800,000
Total (net)	20,253,396	23,500,000

¹ Sales in 1970 totaled \$29,746,000.

Table 98.—Net savings available to patrons and their distribution by SFA, fiscal years ending June 30, 1968 and 1969¹

Distribution of net margins	1968	1969
<i>Dollars</i>		
Cash dividends on preferred stock	30,365	32,500
Cash performance rebates	229,715	168,000
Cash patronage refunds	1,291,145	1,254,000
Patronage refunds issued in preferred stock	438,840	478,000
Additions to capital reserves	13,622	1,500
Total	2,003,687	1,934,000

¹ Net margins in 1970 totaled \$2,161,686.

Table 99.—Condensed balance sheet of SFA, fiscal years ending June 30, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	4,210,150	3,791,000
Fixed	970,875	1,007,000
Other	5,445	90,000
Investment and equities in cooperatives	2,349,843	2,436,000
Total	7,536,313	7,324,000
Liabilities and net worth:		
Current liabilities	2,524,723	2,070,000
Other liabilities	863,367	612,000
Net worth or members' and patrons' equities	4,148,223	4,642,000
Total	7,536,313	7,324,000

¹ Total assets on June 30, 1970 were \$9,535,183; net worth was \$5,152,122.

Table 100.—Net worth of members' and patrons' equities of SFA, June 30, 1969

Item	Amount
<i>Dollars</i>	
Preferred stock	2,670,000
Common stock	7,300
Certificates of equity	201,700
Surplus	31,000
Unallocated net savings for year ended 6/30/69 (after dividends on preferred stock)	1,732,000
Total	4,642,000

Table 101.—Type and capacity of principal facilities owned and operated by SFA, June 30, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Farm supply warehouse	1	Sq. ft.	60,000
Seed plant	1	Lb.	1,000,000
Feed mill	1	Tons	60,000

SFA also had \$2,300,000 of investments and patrons' equities in regional cooperatives and federations of regionals operating various manufacturing facilities. This figure did not include stock in the bank for cooperatives.

On June 30, 1969, SFA had 100 employees—35 engaged in general and administrative activities; 15 in wholesale distribution, including warehousing; six in seed processing and warehousing; and 44 in feed milling and distribution.

Pacific Growers, Inc.

Pacific Growers, Inc., with headquarters in San Leandro, Calif., was formed on September 28, 1963 to effect a consolidation of Nulaid Farmers Association, San Leandro, and Hayward Poultry Producers Association, Hayward, Calif.

Nulaid was incorporated as Poultry Producers of Central California in October 1916. At first its sole purpose was marketing eggs, but in 1926 it began manufacturing and distributing feeds for poultry, dairy cattle, and other types of livestock. Later it began marketing poultry.

Hayward Poultry Producers Association was incorporated in November 1910, and its major service for over 50 years was feed manufacturing. In recent years, it has expanded its service area through relocation and mergers, and has helped establish an egg marketing program for its members.

Pacific Growers is a centralized cooperative. It provides feed and supply services in the central coast and central valley counties of California, north of Monterey and Merced, and markets eggs, butter, and cheese in northern California and western Nevada. It provides services to members from four feed mills, three

association-operated egg distribution plants, one association-operated egg breaking plant, and 10 member-owned ranch egg processing plants.

Membership in this association is open to any agricultural producer or cooperative association of producers who will use Pacific Growers' services for over \$5,000 per year. A membership fee of \$10 must be paid; a marketing agreement is not a condition of membership. Each member has one vote by reason of membership and one additional vote if he is a signatory to a marketing agreement. On December 31, 1969, the association had 158 members, all of whom were farmers.

Pacific Growers has 12 directors. Ten are agricultural producers representing basically the poultry industry. They are elected for staggered terms of 3 years. The other two are public directors appointed by the board of directors.

Under the marketing agreement, the member agrees to market through the association substantially all the eggs he produces other than those sold to hatcheries or retained for home or farm use. This agreement provides that eggs be pooled and that members receive weekly advance payments for eggs—based on volume, quality, and grade—delivered to the association during the preceding week. The agreement requires: (1) A 90-day termination notice after a 1-year term; (2) an estimate of the number of cases per week the member agrees to ship and the association agrees to market; (3) keeping the product up to certain grade specifications; and (4) permission from the association to expand production.

Pacific Growers had the following subsidiaries at the end of 1969: (1) Sierra Foods, Inc., which marketed its products in western Nevada; (2) Pacific Egg Products, Inc., which marketed shell, liquid, and frozen eggs in northern California; and (3) Sylvester Dairy Products, Inc., which marketed eggs, butter, and cheese in northern California. (These were all dissolved and incorporated into Pacific Growers in February 1970.)

Pacific Growers Federal Credit Union is an affiliated savings and lending organization which is owned by employees and members of Pacific Growers.

Feed is the principal supply provided members. In addition, members may order egg packing supplies through the association. Pacific Growers' sales of feed at retail were \$18,111,502 in its business year ending December 31, 1968, and \$13,745,241 in 1969. In 1968, Pacific Growers sold 274,848 tons of feed. Sales in 1969 totaled 203,639 tons, of which 100 percent was delivered in bulk.

Pacific Growers provided the following egg marketing services to its members in 1969: (1) Grading and packing eggs through member-owned plants; and (2) marketing eggs for members through association distribution plants. In 1968, sales of this type were 1,781,477 cases with a value of \$19,731,039. In 1969, sales were 2,003,469 with a value of \$31,123,466. Sales of butter since acquisition of a dairy products plant on June 27, 1969 totaled \$4,036,204.

Net margins of Pacific Growers for the year ending December 31, 1968 totaled \$257,996, of which \$54,081 were from egg marketing and \$203,915 were from feed-supply operations. In 1969, net margins were \$362,094, of which \$184,449 were from egg and dairy marketing, and \$177,645 were from feed-supply activities. Their distribution is shown in table 102.

Table 102.—Net margins of Pacific Growers and their distribution, years ending December 31, 1968 and 1969¹

Distribution of net margins	1968	1969
	<i>Dollars</i>	
Patronage refunds in cash	53,241	73,309
Capital fund certificates	<u>204,755</u>	<u>288,785</u>
Total	257,996	362,094

¹ Net margins in 1970 were \$258,041 on feed sales of \$13,513,615 and marketing sales of \$35,923,386.

The financial condition, net worth, and type of facilities of Pacific Growers are provided in tables 103-105.

The membership capital of Pacific Growers consists of the following: (1) Membership fees at \$10 each; (2) capital fund credits (certificated), representing net margins from egg marketing and feed-supply operations; and (3) undistributed net margins for current year.

Table 103.—Condensed balance sheet of Pacific Growers, December 31, 1968 and 1969¹

Item	1968	1969
<i>Dollars</i>		
Assets:		
Current	6,178,136	10,553,386
Fixed (net)	2,861,556	2,264,245
Other	5,002,033	5,479,590
Total	14,041,725	18,297,221
Liabilities and net worth:		
Current liabilities	5,998,991	9,934,337
Long-term liabilities	7,264,503	7,281,639
Net worth	778,231	1,081,245
Total	14,041,725	18,297,221

¹ Total assets on December 31, 1970 were \$17,032,018; net worth was \$1,498,263.

On December 31, 1969, the association had 255 employees. Of these, 51 were in administrative and central office activities; 139 were primarily in butter and egg processing, handling, and trucking operations; 52 were pri-

marily in feed milling and trucking; and 13 were in miscellaneous activities.

Table 104—Net worth or members' and patrons' equities of Pacific Growers, December 31, 1969

Item	Amount
<i>Dollars</i>	
Membership fees	1,580
Capital fund certificates	717,571
Undistributed proceeds (current year's margins)	362,094
Total	1,081,245

Table 105.—Type and capacity of principal facilities of Pacific Growers, December 31, 1969

Facility	Number of plants or units	Unit of capacity	Annual capacity
Feed mills	4	Tons	200,000
Egg processing plants	10	Cases	1,700,000
Butter processing plant	1	Lb.	7,200,000

Summary of 20 Major Regional Cooperatives

This section summarizes and totals the detailed information on the supply operations of the 20 regionals described in the first section of this report.

Years Organized

Table 106.—Date of organization of 20 major regional cooperatives handling supplies, selected years

Year organized	Number of associations organized	Year organized	Number of associations organized
1914	1	1931	1
1916	1	1933	2
1917	1	1934	1
1921	1	1945	2
1923	1	1948	1
1926	2	1964	1
1927	2		1
1929	3	Total	20

¹ Represents three merged cooperatives originally organized in 1918, 1920, and 1934.

Type and Number of Retail Outlets

Table 107.—Type and number of retail supply outlets served by 20 major regional cooperatives, 1969

Type of retail outlet	Number
Local member cooperatives:	
Not managed or supervised by regionals	5,048
Managed or supervised by regionals	404
Local nonmember cooperatives	709
Local subsidiary service stores and branches of regionals	730
Independent service agencies or dealer-agents ¹	1,129
Total	8,020

¹ "Independent service agencies or dealer-agents" are independent private concerns that perform a distributing service for the regional cooperatives in accordance with mutually agreeable policies. These plans include provisions for passing on to their farmer patrons the wholesale patronage refunds distributed by the regionals.

Number of Patrons Served

The 20 regional cooperatives served directly or through affiliated local cooperatives approximately 2,622,400 individual members during their fiscal year ending in 1969. About 95 percent of them were farmers.

Financial Requirements for Membership

Table 108.—Financial requirements for membership in 20 major regional cooperatives, 1969

Requirements	Number of associations
Membership fee:	
\$1 for subscription to membership publication—by farmer	1
\$10 for membership and do \$5,000 or more business per year—by farmer or cooperative	1
Capital stock:	
One no-par value share of voting common—by local cooperative	1
One no-par value share of voting common and \$50 of nonvoting common—by farmer or cooperative	1
One \$1 share of common stock—by farmer or cooperative	2
One \$10 share of common—by farmer and 100 shares of common @ \$10 each—by cooperative	1
One \$25 share of common—by farmer or cooperative	4
One \$25 share of common by cooperative and one \$1 share of common—by farmer	1
One \$100 share of common—by cooperative	3
One \$100 share of common—by cooperative and one \$1 share of common by farmer	1
One \$1,000 share of common—by cooperative	2
Patronage:	
Patronize the cooperative is only requirement, but patron must be farmer cooperative to be eligible	2
Total	20

Voting Provisions

Table 109.—Voting provisions of 20 regional cooperatives, 1969

Provisions	Number of cooperatives
One vote per—	
Member cooperative or member farmer	11
Member cooperative for each farmer member in the local co-op	1
Member cooperative plus additional votes based on volume	2
Member cooperative plus additional votes based on volume and equity holdings, with a maximum of five votes for each category	1
Member farmer plus one vote if he has signed a marketing agreement	1
Share of stock carrying voting privileges	4
Total	20

Number, Selection, and Terms of Directors

Members elected all their directors in nine associations in 1969 (table 110). One reported all elected by a general farm organization, and five had some directors appointed, nominated, or elected by general farm organizations. Seven of the 20 also had some public directors appointed by the board or by public agencies.

In 1969, 15 associations elected directors for 3-year terms; two elected them for 2-year terms; and three elected them for 1-year terms. Four associations appointed some of their directors for 3 years; four had some appointed for 1-year terms.

Table 110.—Number of directors and method of selection in 20 regional cooperatives, 1969

Elected directly by members	Method of election or appointment			Total number of directors	Cooperatives reporting
	Appointed, nominated, or elected by general farm organizations	Appointed public directors by board of directors or by public agencies			
	<i>Number of directors</i>				<i>Number</i>
0	26	0		26	1
4	5	0		9	1
6	6	0		12	1
6	7	0		13	1
7	0	1		8	1
8	0	0		8	1
10	0	1		11	1
10	0	2		12	1
10	0	5		15	1
11	0	0		11	1
11	2	2		15	1
13	3	0		16	1
14	0	0		14	1
15	0	0		15	1
16	0	0		16	2
18	0	0		18	1
18	0	1		19	1
19	0	1		20	1
22	0	0		22	1
218	49	13		280	20

Number and Type of Employees

Table 111.—Number and type of employees in 20 regional cooperatives, 1969

Type of activity	Total number	Percentage of total
Administrative	6,125	19.1
Manufacturing and processing	7,523	23.4
Wholesale distribution (including warehousing and transportation)	3,676	11.4
Retail distribution	5,157	16.0
Marketing farm products	2,898	9.0
Activity not classified	6,767	21.0
Total	32,146	100.0

Fiscal Year Endings

The number of regionals closing their fiscal years on the following specified dates in 1969 was as follows:

Date	Number of associations
June 30	8
July 31	1
August 31	3
September 30	1
December 31	7
Total	20

Dollar volume of supplies of the eight regionals closing their fiscal year during the first half of 1969 accounted for 54 percent of the total for all associations.

Sales of Supplies

Feed, petroleum products, and fertilizer made up 76 percent of the total volume in both 1968 and 1969 (table 112 and fig. 1). Feed predominated in the dollar volume of 12 associations, petroleum products in seven, and fertilizer in one.

Table 112 consists of wholesale sales by 10 associations, retail sales by two associations, and part wholesale and part retail sales by eight associations.

Wholesale sales by 18 associations totaled \$1,847 million in 1968, and \$1,903 million in 1969. Retail sales by the other two associations totaled \$73.4 million in 1968, and \$70.9 million in 1969. (Table 112 does not include retail sales totaling \$77.3 million in 1968, and \$90.6 million in 1969, by the predominantly wholesale associations.)

Table 112.—Supplies distributed by 20 major regional cooperatives (most at wholesale), fiscal years 1968 and 1969

Commodity group	1968		1969		Per-centage change in sales	Cooper-atives reporting in 1969
	Amount	Per-centage of total	Amount	Per-centage of total		
	\$1,000	Percent	\$1,000	Percent	Percent	Number
Feed	585,177	30.5	597,402	30.3	2.1	19
Petroleum products	553,828	28.8	588,215	29.7	6.2	15
Fertilizer	334,857	17.4	311,295	15.8	(7.0)	17
Pesticides and farm chemicals	91,394	4.8	99,225	5.0	8.6	15
Seed	50,530	2.6	54,002	2.7	6.9	15
Subtotal	<u>1,615,786</u>	<u>84.1</u>	<u>1,650,139</u>	<u>83.5</u>	<u>2.1</u>	<u>19</u>
General farm equipment ¹	110,050	5.7	118,230	5.9	7.4	15
Tires, tubes, and auto accessories	50,402	2.6	57,032	2.9	13.2	10
Building and maintenance materials ²	30,888	1.6	33,669	1.7	9.0	5
General supplies ³	32,090	1.7	33,065	1.7	3.0	12
Plant equipment—petroleum, fertilizer, dairy, and other	26,834	1.4	24,977	1.3	(6.9)	4
Steel products and hardware	23,402	1.2	24,305	1.2	3.8	5
Groceries, clothing, and dry goods	16,751	0.9	17,100	0.9	2.1	1
Chicks, turkey poults, and hatching eggs	9,204	0.5	9,825	0.5	6.7	2
Electrical equipment and appliances	6,481	0.3	6,951	0.4	7.2	5
Subtotal	<u>306,102</u>	<u>15.9</u>	<u>325,154</u>	<u>16.5</u>	<u>6.2</u>	<u>20</u>
Total	<u>1,921,888</u>	<u>100.0</u>	<u>1,975,293</u>	<u>100.0</u>	<u>2.8</u>	<u>20</u>

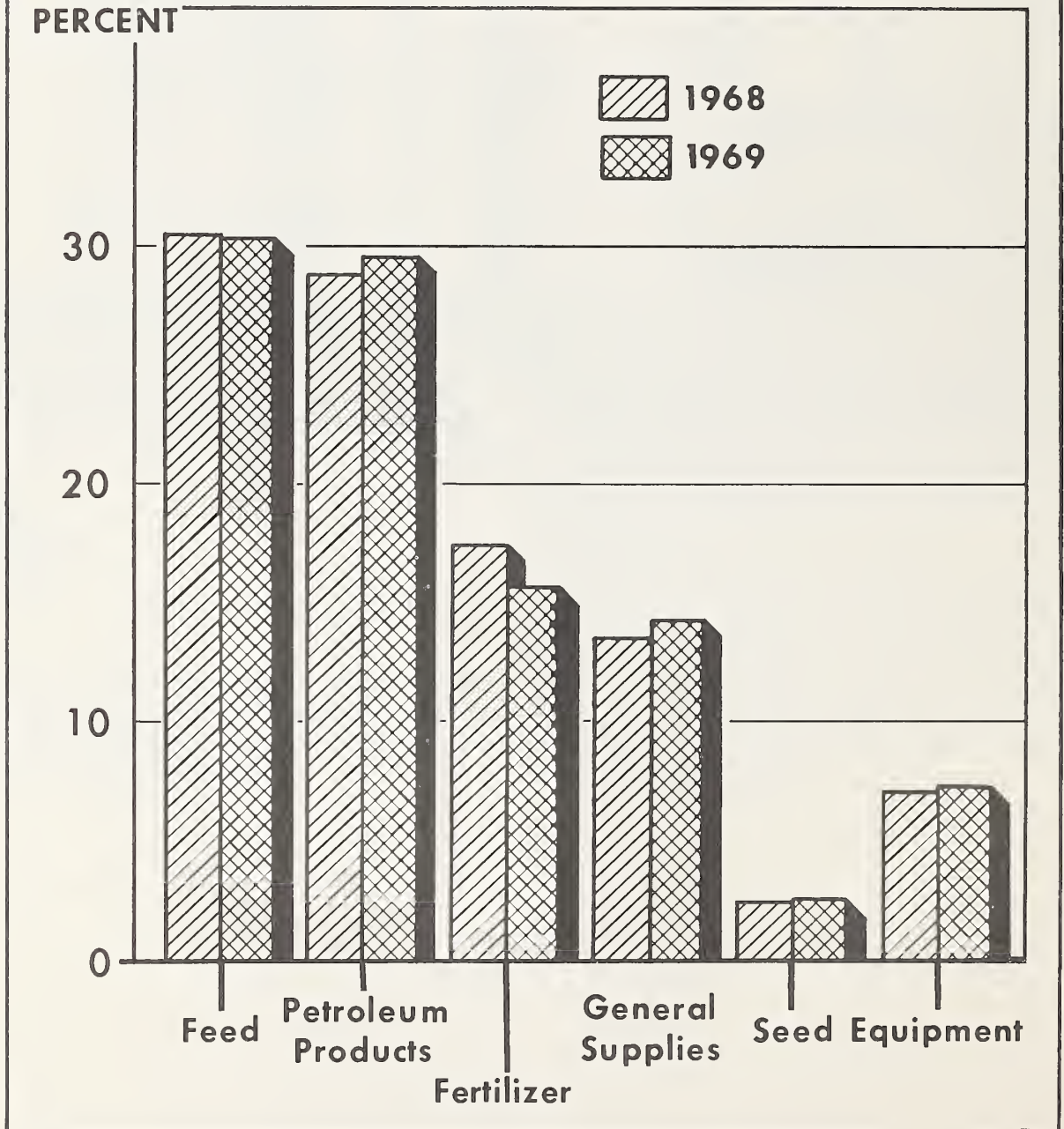
¹ Includes small amounts of farm machinery sales by two associations.

² Includes lumber, roofing, paint, and fencing.

³ Includes twine, containers, coal, animal health supplies, office supplies, and lawn, garden, farm, and home supplies.

FIGURE 1

MAJOR TYPES OF SUPPLIES HANDLED BY 20 REGIONAL COOPERATIVES, 1968 AND 1969



Sales of Farm Products

Sales of farm products marketed by 13 of the 20 regional cooperatives are shown in table 113. These sales trended upward.

Table 113.—Sales of farm products by 13 of the 20 regional cooperatives handling supplies, 1968 and 1969¹

Farm product	1968	1969	Cooperatives reporting in 1969
	\$1,000	\$1,000	Number
Grain, including soybeans	250,704	264,150	10
Poultry (mostly broilers)	95,958	118,564	5
Eggs	75,044	102,896	9
Peanuts	67,841	70,221	1
Fruits and vegetables—processed	64,108	68,999	3
Fruits and vegetables—fresh	26,132	33,410	2
Livestock and products ²	11,571	65,345	2
Beans (dry edible)	14,566	16,314	3
Cotton	17,061	12,834	1
Seed	4,519	6,571	2
Pecans	7,432	6,192	1
Flour	4,072	2,796	1
Wool	661	561	2
Tobacco	1,939	431	1
Other and unclassified ³	336,714	363,320	4
Subtotal	978,330	1,132,608	13
Less inter-departmental sales	(-7,536)	(-7,929)	--
Total	970,794	1,124,679	13

¹ Estimates were made when two or more products were combined in individual reports.

² In addition, a minority-owned subsidiary of one association sold pork products totaling \$78.7 million in 1968, and \$98.6 million in 1969.

³ Mainly dairy products.

Amount and Distribution of Net Margins

Net margins of the 20 regional cooperatives (which included only the supply and equipment divisions of one) totaled \$82,798,487 in 1968, and \$67,546,883 in 1969.

Approximately 93 percent or \$75.5 million in 1968, and 93 percent or \$60.6 million in

1969, came from supply operations. Net margins on supplies averaged over 3.9 percent on supply sales in 1968, and about 3.1 percent in 1969, for those reporting such information. Net margins on farm products marketing sales averaged about 0.9 percent in 1968, and 0.6 percent in 1969.

Total net margins available to patrons and their distributions by 19¹ of the cooperatives for 1968 and 1969 are shown in table 114 and figure 2. They were equal to 3.2 percent of total sales (farm supplies and farm products) in 1968, and 2.4 percent in 1969. Such net margins were equivalent to 12.7 percent of their year end net worth in 1968, and 9.8 percent in 1969; and equivalent to 5.9 percent of year end total assets in 1968, and 4.5 percent in 1969.

Most of the patronage refunds distributed in capital stock and other evidences of member capital represent revolving capital. The amounts of such revolving capital stock, revolving fund credits, and other equity holdings issued in prior years in payment of patronage refunds that were retired in cash in 1968 and 1969 are shown in table 115 and figure 3.

Net margins available to patrons represent margins after payment of or provisions for Federal income taxes. No attempt was made in preparing this report to obtain income tax or other tax information because any income taxes shown as paid or accrued by one cooperative cannot be used as a basis for estimating the amount of tax paid or accrued by other cooperatives. Five cooperatives, however, reported total income taxes of \$8,821,760 in 1968, and \$7,085,559 in 1969.

Some cooperatives operate under a contractual obligation to distribute to *all patrons* all net margins above operating expenses and dividends on capital stock. The remainder have a contract with only their *member-patrons* to distribute net margins arising from member business. Under established legal principles, both types of contracts permit the cooperative to exclude from gross income those net margins allocated on a patronage basis and distributed in cash or in various forms of patrons'

¹ Only 19 of the 20 cooperatives provided the required information.

Table 114.—Distribution of net margins available to patrons by 19 major regional cooperatives handling supplies, fiscal years ending in 1968 and 1969¹

Type of distribution	1968	1969	Increase or decrease	Cooperatives reporting in 1969
	<i>Dollars</i>	<i>Dollars</i>	<i>Percent</i>	<i>Number</i>
Cash dividends on capital stock and other equities	9,865,070	10,865,509	10.1	16
Patronage refunds:				
Paid in cash	26,782,229	18,786,297	-29.9	18
Paid in capital stock and other forms of equity capital (excluding allocated reserves) ²	29,309,226	22,890,356	-21.9	15
Additions to capital reserves (allocated and unallocated)	14,947,862	13,514,321	-9.6	17
Total	80,904,387	66,056,483	-19.4	19

¹ Represents net margins available to patrons after any payments of, or provisions for, Federal income taxes.

² Evidenced by capital stock, certificates of equity or indebtedness, revolving fund credits, member

equities, and other equity holdings. However, nine cooperatives reported cash payments of patronage refunds deferred in previous years under revolving capital programs which totaled \$10.4 million in 1968, and \$7.8 million in 1969 (table 115).

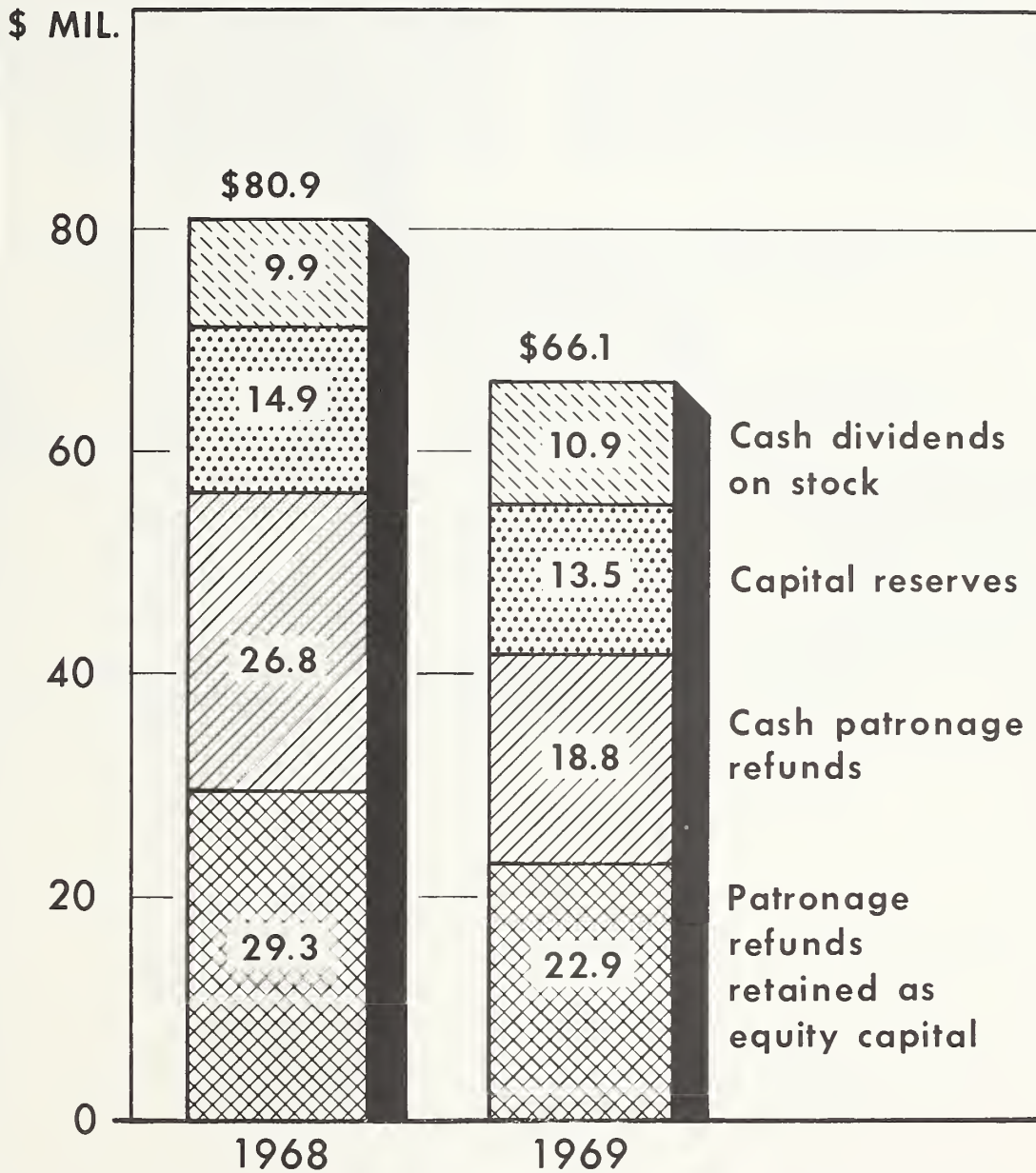
equities within prescribed time limits and other requirements.

This right of exclusion applies equally to farmer cooperatives qualifying for so-called exemption under Section 521 of the Internal Revenue Code; to farmer cooperatives that are nonexempt; and to any other corporation or

business firm. Qualifying "exempt" associations are also permitted to deduct dividends on capital stock and certain extraneous income in determining their Federal income tax position. Both groups of cooperatives are subject to essentially all other taxes paid by business enterprises.

FIGURE 2

DISTRIBUTION OF NET MARGINS AVAILABLE TO PATRONS BY 19 REGIONALS, 1968 AND 1969



Total Cash Payments of Dividends, Refunds, and Revolving Capital

Total cash payments to patrons amounted to about \$47 million in 1968, and \$37.5 million in 1969. They were equivalent to approximately 58 and 62 percent, respectively, of the total net margins available to patrons in fiscal 1968 and 1969.

Twelve of the 19 reporting associations use a revolving capital plan of financing. As of 1969, two were revolving part of their capital within a 5-year period; four within a 6 to 10-year

period, inclusive; six within an 11 to 20-year period; and two within no predetermined period—for example, upon request of holders. (Two of the group retired part of their capital within one period and part within another.) Several cooperatives also retired part of their debentures or certificates of indebtedness each year. Most were on a 5 to 10-year basis.

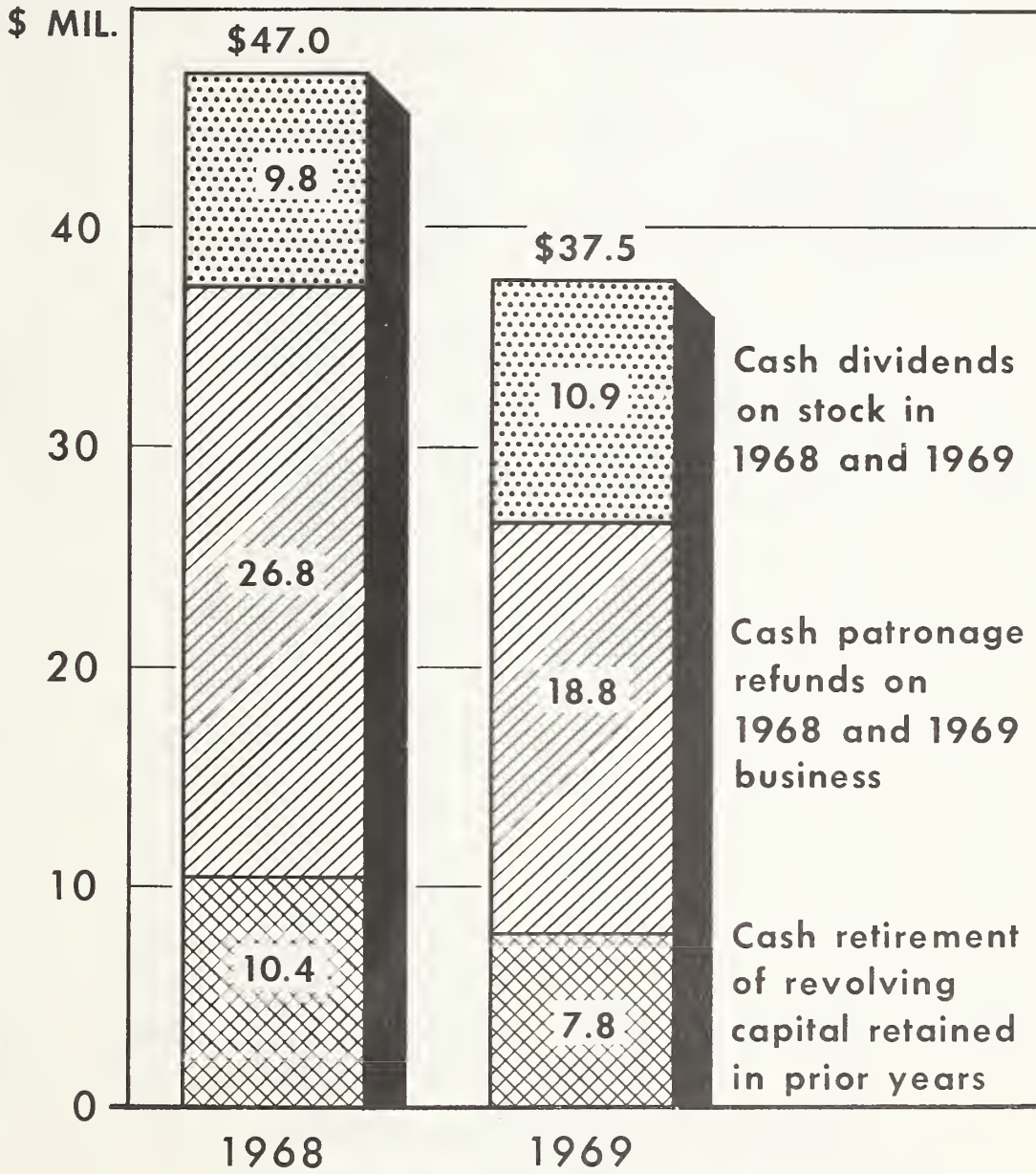
Under revolving capital programs, nine associations in 1968 and 1969 reported cash retirements of capital stock or other equities originally issued in payment of patronage refunds for previous years. Such cash retirements totaled \$10.4 million in 1968, and \$7.8 million in 1969 (table 115 and fig. 3).

Table 115.—Total cash payments of dividends on stock, patronage refunds, and revolving capital to members by 19 major regional cooperatives, fiscal years ending in 1968 and 1969

Type of cash distribution	1968		1969	
	Amount	Cooperatives reporting	Amount	Cooperatives reporting
	<i>Dollars</i>	<i>Number</i>	<i>Dollars</i>	<i>Number</i>
Cash dividends paid on stock and interest on other equities (paid on current year's operation)	9,865,070	16	10,865,509	16
Cash patronage refunds (paid on current year's operation)	26,782,229	18	18,786,297	18
Cash retirement of revolving capital (deferred refunds, capital stock, and other revolving equities)	<u>10,370,089</u>	<u>9</u>	<u>7,839,825</u>	<u>9</u>
Total	<u>47,017,388</u>	--	<u>37,491,631</u>	--

FIGURE 3

CASH PAYMENTS OF DIVIDENDS, REFUNDS, AND REVOLVING CAPITAL BY 19 REGIONALS, 1968 AND 1969



Total Net Margins Since Organizing

Net margins of 13 of the 20 regional cooperatives since their formation have totaled almost \$1.2 billion (table 116). They have paid \$563 million of this amount in cash dividends and refunds.

These associations also have repaid in cash to members substantial amounts of the patronage refunds originally converted to revolving capital. For example, five of the cooperatives reported they have retired \$38,909,840 of such refunds or capital securities since organizing. This was equal to about 44 percent of the total amount of patronage refunds they had deferred or paid in capital stock and other securities for revolving capital purposes.

Assets and Liabilities

Total assets of the 19 reporting cooperatives increased from \$1,379 million in 1968 to \$1,455 million in 1969 (table 117 and fig. 4). Their composition was about the same in both

years. The associations had \$1.91 of current assets for every dollar of current liabilities in 1968, compared with \$1.85 in 1969.

Members' equities increased 5.5 percent from 1968 to 1969. They represented 46 percent of total assets in both years.

Table 116.—Total net margins available to patrons and their distribution since date of organization for 13 of the 20 regional cooperatives, 1969

Distribution of net margins	Amount
	<i>Dollars</i>
Cash dividends paid on capital stock and interest on other equities	128,626,427
Patronage refunds (on current year's operations):	
Paid in cash	434,520,039
Paid in capital stock and other forms of equity capital (excluding capital reserves)	364,881,922
Additions to capital reserves (allocated and unallocated)	236,146,410
Total	¹ 1,164,174,798

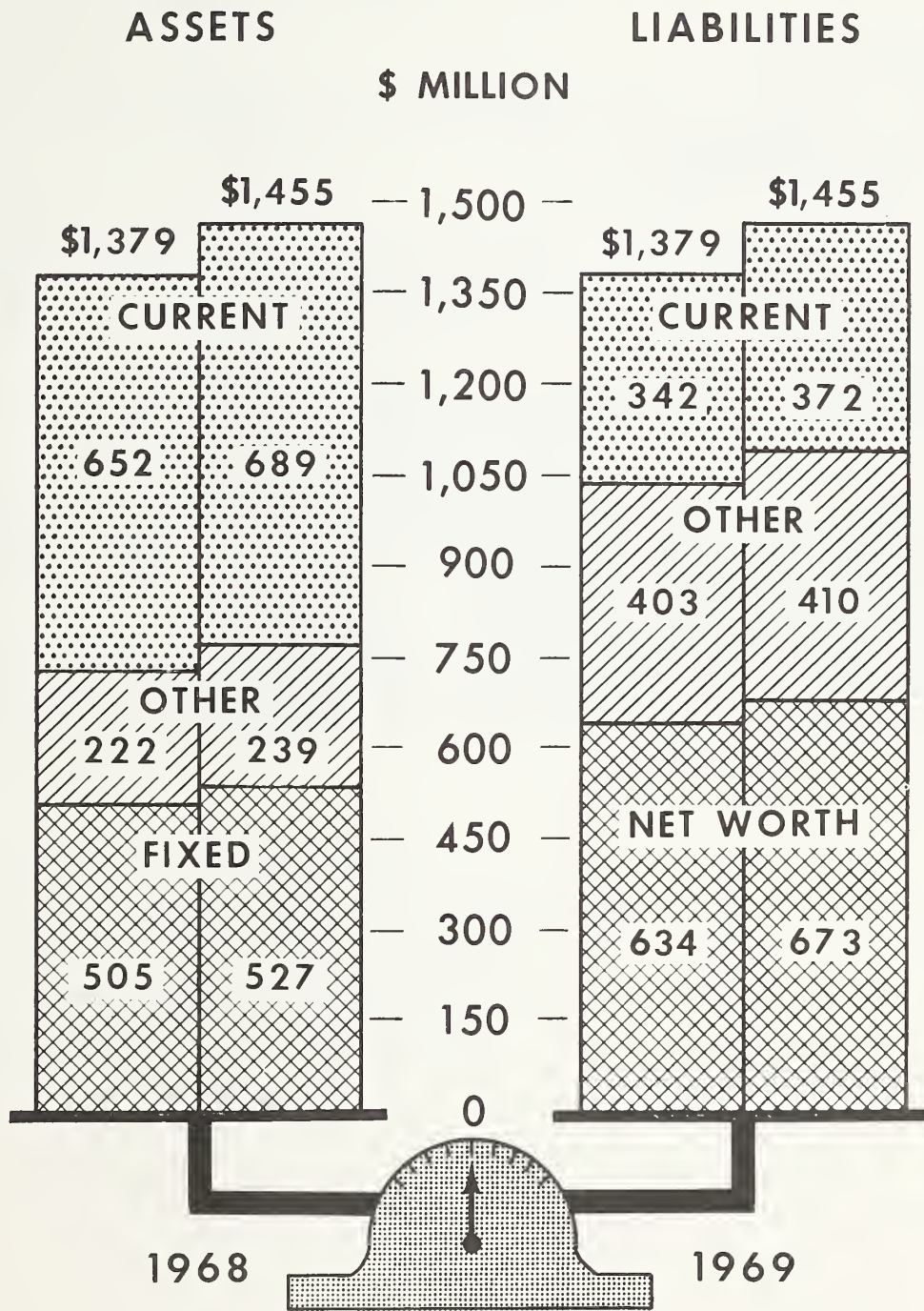
¹ Four associations reported an additional \$95,584,517 had been paid out as income taxes since organizing. This does not include all associations paying income taxes.

Table 117.—Consolidated balance sheets of 19 major regional cooperatives at close of fiscal years ending in 1968 and 1969

Assets, liabilities, and member equities	1968		1969		Increase or decrease
	Amount	Per-centage of total	Amount	Per-centage of total	
	<i>\$1,000</i>	<i>Percent</i>	<i>\$1,000</i>	<i>Percent</i>	<i>Percent</i>
Assets:					
Current	652,064	47.3	689,250	47.4	5.7
Fixed (net)	505,271	36.6	526,638	36.2	4.2
Other	222,134	16.1	238,942	16.4	7.6
Total	1,379,469	100.0	1,454,830	100.0	5.5
Liabilities and member equities:					
Current liabilities	341,770	24.8	371,817	25.5	8.8
Other liabilities	403,062	29.2	409,875	28.2	1.7
Member equities	634,637	46.0	673,138	46.3	6.1
Total	1,379,469	100.0	1,454,830	100.0	5.5

FIGURE 4

ASSETS AND LIABILITIES OF 19 MAJOR REGIONAL COOPERATIVES, 1968 & 1969



Net Worth or Member Equities

Table 118.—Net worth or member equity items of 19 regional cooperatives at the close of their 1969 fiscal year¹

Item	Cooperatives reporting items	Amount
	<i>Number</i>	<i>Dollars</i>
Membership fees	1	1,580
Capital stock and credits:		
Common	14	147,218,942
Preferred	15	234,042,780
Part paid (stock credits)	6	1,446,355
Patronage refunds payable in stock	1	2,013,700
Total membership fees, capital stock and credits	<u>17</u>	<u>384,723,357</u>
Deferred refunds and other revolving fund equities, book credits, and certificates ²	6	57,639,411
Member-patron equity reserves—allocated ³	15	62,786,882
General reserves or surplus (mostly unallocated) ⁴	14	160,925,459
Net margins and refunds for current year—undistributed	4	5,689,980
Other equities ⁵	3	1,373,066
Total equities other than stock	<u>19</u>	<u>288,414,798</u>
Total	<u>19</u>	<u>673,138,155</u>

¹ The regional cooperatives reported their net worth or member equities under more than 30 names or items. These were grouped into 11 types. Complete information was not obtained as to which types were allocated or unallocated to patrons and which were in a revolving capital status.

² Includes finance funds, capital fund certificates, certificates of equity or ownership, capital reserve certificates, and capital book equities.

³ Includes the following allocated items: Capital reserves, general reserves, patronage credits, appropriated reserves, special permanent reserves, and contingency reserves.

⁴ Includes retained margins, reserves for operating capital and revaluation of facilities, and special permanent reserves.

⁵ Includes nonmember capital, reserve for revaluation of facilities, and minority interests.

Appendix

Other Major Regional Cooperatives Handling Supplies in 1970

MFC Services (AAL), Jackson, Miss.

Mississippi Chemical Corporation, Yazoo City, Miss.

Subsidiary: Coastal Chemical Corporation, Yazoo City, Miss.

Missouri Farmers Association, Inc., Columbia, Mo.

MFA Oil Company, Columbia, Mo.

MFA Central Cooperative, Columbia, Mo.

(Became a division of Missouri Farmers Association, Inc., Columbia, in 1970)

Farmers Union Grain Terminal Association, St. Paul, Minn.

Grange Cooperative Wholesale, Spokane, Wash.

(Merged with Farmers Union Central Exchange, St. Paul, Minn., in 1971)

Fruit Growers Supply Company, Los Angeles, Calif.

National or Area Federations of Regional Cooperatives Handling Supplies in 1970

National Cooperatives, Inc., Albert Lea, Minn.

United Cooperatives, Inc., Alliance, Ohio

National Cooperative Refinery Association, McPherson, Kans.

Central Farmers Fertilizer Company, Chicago, Ill.

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